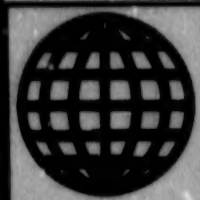


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**FOREIGN
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JPRS Report

Soviet Union

Economic Affairs

Soviet Union

Economic Affairs

JPRS-UEA-90-035

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Denationalization of Property Considered

Joint Stock Ownership Inadequate

904A0593A Moscow PRAVDA in Russian 10 Sep 90
Second Edition p 2

[Article by S. Alekseyev, corresponding member of the USSR Academy of Sciences and director of the Institute of Philosophy and Law of the Urals Branch of the USSR Academy of Sciences: "Stockholders...by Command"]

[Text] Degovernmentalization of monopolized state property, privatization of that property, the producers' assumption of the position of owner of the means of production, firm legislative security for vigorous entrepreneurial activity on that basis, and the development of the full range of regulated market relations—this is the realistic and effective strategy for rapid invigoration of the economy, its upward development, the building of the necessary foundations for true democracy and for affirmation of stable human rights in society. It is becoming extremely obvious, to be specific, that the transition to the market will not get beyond discussion and slogans or, what is worse, will end up in a compulsive swinging back and forth between the "planning" and "commerce," a bacchanalia of prices gone wild, unless authentic and full-fledged producers for the market should emerge in our country, and that is impossible unless property is privatized.

And so at this point it has to be stated with sufficient definiteness that a serious danger lies in wait for us along the road to major transformation of ownership. In what does it lie?

In the fact that we all are still under the spell of dogmas and complexes and from those positions the privatization of property seems like some kind of "crumbling of the foundations"? Or in the fact that the resistance on the part of departments—central, regional, and local—is growing, and sometimes it seems almost a hopeless matter for the collective to break away to the "will of the market," and assume the status of a leasing or collective enterprise?

Whatever the case, both are serious matters. But they lie, so to speak, on the surface, they are visible to everyone. But one must analyze the social and economic nature of privatization in our society quite a bit more deeply to see that the means of production will mainly come into the possession of organizations of workers (leasing and collective enterprises and cooperatives) and for it to become clear that the privatization being carried out in the USSR is entirely consistent with progressive tendencies both in the world economy and with our choice of socialism. The departmental resistance is more complicated. But even here, insofar as this resistance is overt in nature, the problem can in general be solved. Get a powerful popular movement going for leasing, and

obtain support from the press or some influential entity in the state or the public, and it would seem that not a single department would withstand that kind of pressure. But here there is still an urgent need for effective and specific organizational measures: for example, to follow formation of the State Property Fund under the presidential decree with a presidential inspectorate for degovernmentalization, which would be authorized to make the final decisions on whether a particular organization would lease or purchase property and also on the awarding of particular organizations benefits such as exempting the leasing collective from the payment of rent if its income goes to develop fixed capital; granting preferential bank credit for the purchase of property; a substantial reduction of the amount of the purchase or even complete exemption from purchasing and the transfer of property or outdated equipment without compensation to leasing organizations that are performing well.

The main danger that lies in wait for privatization of property comes in my view from the other side. Under the banner of degovernmentalization, economic forms are now becoming widespread that in reality do not transfer ownership, but essentially return property relations to what they were, back into the streambed of state-administrative structures. What is more, in and of itself this form is highly efficient, it is worthy of widespread introduction into all spheres of the market economy that is taking shape. We are referring to the joint stock form, which makes it possible to socialize market relations, to reveal their potential, to bring into economic circulation additional money resources of individuals, public organizations, foreign firms, and so on, and to some extent to place economic activity under the control of stockholders, to guarantee their participation in the distribution of profit, and also, through exchanges and banks, to impart dynamism to the entire system of commodity-market relations, to form the "market for capital" without which the commodity-money economy is impossible by definition.

The point is that the joint stock form of economic activity, for all its effectiveness, is a form which is not preceded by well-directed efforts to change the status of property, does not in and of itself bring about and cannot bring about transformation of ownership, but only creates the appearance of that kind of transformation. Back in the last century it was noted with great authority that the joint stock form does not change the nature of private ownership. A judgment to that effect is equally correct concerning state monopoly ownership. If the controlling block of stock, which need not necessarily be 51 percent—when the stockholders are dispersed, it could even be 35 percent or thereabout—is in the hands of the state, this property—even in its joint stock form—remains state property, does not leave the orbit of monopoly state property. And it seems to me that in solving certain economic problems (for example, the problem of mobilizing the money of individuals to overcome the difficulties of an enterprise) the joint stock

form not only fails to make the workers owners of state property, but, because of the circumstance we have mentioned, it does not bring about and is not capable of bringing about major changes in economic life and does not become a condition for formation of effective commodity-market relations.

However, in our official documents the joint stock form is put in the same class with leasing, purchasing, or nonreimbursed transfer of property to the producers. And so, under the aegis of the principle of "diversity and equality of forms" the idea is popularized of "the choice having to be made"—either leasing and purchase or on the other hand the transition to joint stock principles. What is more, a number of central departments—Gosplan [State Planning Committee] and the economic ministries—are persistently pursuing the line aimed at attributing to the joint stock form the significance of some predominant and preferred alternative.

So that right now, literally as we speak, a fierce battle is being waged between the collective of the Baltic Shipping Company and USSR Minmorflot [Ministry of the Maritime Fleet]. How persistently the ministry has tried to talk the collective of the shipping company out of leasing by referring to world experience, arguing: Become stockholders, that is what everyone is doing anyway, what more could you ask for? But the important thing to the collective is economic freedom, the status of the owner-producer. Only the persistence of the collective, effective help from the press, and direct participation in this matter by L.A. Voronin, first deputy chairman of the USSR Council of Ministers seems to have made it possible for the collective to decide in principle in favor of the transition to leasing (although the terms of the contract still have to be worked out) and, consequently, to begin the degovernmentalization of property.

But how many collectives in other areas have given in to this kind of persuasion and "took the bait"? What is more, in a number of cases the joint stock structures were directly imposed from above, some of the collectives were unable to even turn around before their representatives had amiably voted to enter the joint stock structure. And the officials in the central departments could rub their hands in satisfaction: not only had the immediate threat of degovernmentalization passed, but in the future, when many individuals and organizations would become stockholders, it would be 100-fold more difficult for the workers themselves to acquire ownership: along the road of degovernmentalization (what kind of degovernmentalization could there be here, when this is a "joint stock structure" anyway!) would be blocked by the holder of the controlling stock and the stockholder's assembly dependent upon him, and the democratic demagoguery against "encroachments" of the enterprise's workers themselves, which is inevitable in this case.

Nor is there any need to refer to world experience on this matter: There the question of the personification of ownership has been decided, the owners of the means of

production figure as the commodity producers (although leasing and purchasing in the economically advanced countries are being used more and more to get beyond the narrow horizon of individualized private ownership, to develop collective group ownership by the producers themselves, which proves to be more efficient than individual private ownership). In our country, leasing and the purchase or nonreimbursed transfer of property to collective ownership which have followed it (or purchase or transfer to cooperatives, individuals, and families) is the main highway for degovernmentalization and privatization of ownership. There is no "either—or" here at all. In and of itself, the joint stock form cannot replace transfer of the means of production directly to the workers themselves in keeping with the present mechanisms.

There is no question about it within certain limits the need will persist even in the future for centralized state ownership—"treasury-financed" plants and enterprises in rail and pipeline transportation, in the air-space and aviation industries, in "defense," and in certain other spheres. These plants and enterprises, we hope, will be able to become part of the market after it is created. Even there, at state enterprises, it will also be necessary to make extensive use of advanced economic forms—the joint stock forms and internal leasing. But we need to state explicitly which plants and enterprises remain under jurisdiction of the state (both the USSR and the republics), define the range of facilities which as an exception would be owned by the treasury immediately, and not to try, as, alas, is taking place, to avoid degovernmentalization of ownership by converting enterprises to joint stock principles.

Indeed, not for an instant can we lose sight of the efficiency of the joint stock form. But in connection with degovernmentalization it needs to be used "afterward"—after the question of ownership has been decided by the workers themselves, after the producers have already assumed the position of the real owners of productive property. And perhaps we even need here a certain distance in time. So that the business world, all citizens, and foreign firms see clearly that a real and thrifty owner has emerged: he is developing vigorous entrepreneurial activity, he is augmenting and resolutely renewing productive capital, he is going onto the world market, and that means there is good reason to invest capital, to acquire the stock (under the unfailing condition that the collective owner himself holds the controlling block of stock).

A few days ago there was a program on Central Television from Naberezhnyye Chelny. An immense association is becoming a joint stock company. Everything has been worked out: 51 percent of the stock goes to the state, 20 percent to the enterprise's workers, and so on. It was all down on paper. Just sign here.

But just before the conference began, the delegates were saying:

"Something is wrong.... Once again the plant and the equipment do not become ours."

They were silent when the conference took place. The announcer spoke about the promise that housing needs would soon be met, social problems would be resolved, and foreign exchange would be used for these purposes. They voted. They agreed.

But people left the conference worried and sad....

Why not, it really is sad....

Distribution of Shares Proposed

904A0593B Moscow IZVESTIYA in Russian 9 Sep 90
Morning Edition p 2

[Article by V. Rutgayzer, doctor of economic sciences:
"How To Divide Up State Property"]

[Text] I recently had occasion to talk to the chairman of the soviet of people's deputies of the city Naberezhnyye Chelny. He was completely of two minds concerning how the transformation of KamAZ to a joint stock company had taken place. Neither the city soviet nor the city's inhabitants had been involved, the stock had gone only to the enterprise itself and to the ministry. But what about other citizens? Do they have less rights to that stock than bureaucrats in the capital?

Attempts to carry out privatization "from above," by action of the ministries, are by no means harmless. After all, in this case the latter preserve their influence over economic development. However, joint stock companies will benefit the country only if the entire population is interested in their creation. State property after all is property that belongs to all members of society, and every adult person has his legitimate share of it.

Judging from the newspaper article in PRAVITEL-STVENNIY VESTNIK (No 33 for 1990), the State Commission of the USSR Council of Ministers for the Economic Reform already possesses certain recommendations for sharing state property among all the country's inhabitants. Thus I do not claim to be the first to pose the problem. I am only attempting to present my ideas about the procedural aspect of the matter.

For a start, we should seriously evaluate what portion of state property is to be privatized. Then every adult receives from the state without payment a certain number of securities made out in his name and guaranteeing his share in the division—bonds. They can in turn be exchanged directly for shares of stock in a particular state enterprise being privatized.

Exactly which one is the choice of the owner of the bonds himself. But at what rate? That would depend on the demand and supply of the particular shares of stock. The initial price would, of course, be set by the seller—the state, but the final verdict would be rendered by society,

by the purchasers, i.e., by you and me on the basis of our own ideas about the prospects for a given enterprise and accordingly about how much income we will be able to count on by requiring its stock. The entire procedure of the preliminary assessment is thus considerably simplified, it is enough to carry it out in general outlines, "by ear," since in the final analysis everything will depend on market conditions alone.

Why are the bonds necessary? So that state property is not purchased by people who for one reason or another have accumulated "big money." After all, several generations of Soviet people have taken part in creation of the wealth that constitutes state property, and it is logical to start from the premise that everyone now living has an equal share to it. It is natural that in future, when the original capital market is thus formed, no one will prevent you from selling your stock for rubles.

The bonds perform the role both of intermediate "investment" money, with its own and very narrow sphere of circulation. Since the "bank notes" are made out to someone in particular, they differ fundamentally from ordinary money in that they are unable to function as a means of accumulation, which precludes the possibility of any sort of speculation. But they are also similar in that one can make a purchase as he wishes and in accordance with his own choice. To be sure, he cannot buy anything he likes, but only the stock of state enterprises being privatized. In the broad sense of the word, ordinary bank notes are also bonds, that is, debts of the state issued to us in the form of wages in place of commodities. Unfortunately, today's rubles are not backed up with real commodities, whereas the proposed "investment money" would be able to compete with the strongest currencies in the world.

The issuing of bonds, in my view, must be made the responsibility of the central banks (state banks) of the union republics. The regional boundaries of their circulation would coincide with the boundaries of the economically sovereign republics. This means, for instance, that as an inhabitant of Russia I will be able to acquire for my stock (I repeat once again at the free market rate) the stock of any enterprise to be privatized within the limits of the RSFSR.

Would this scheme not result in excessive fragmentation of capital, in which that same KamAZ, for example, would be "spread" over the entire map of RSFSR? It would seem that a majority of individuals would still turn first in "asking the price" to that property located near them (in the city or rayon where they live): after all, in this case there is less risk of buying a "pig in a poke." What is more, a certain quota (say, one-fifth of the stock) must be reserved at every such enterprise for its workers. Assuming, of course, that they want to become owners of their own factory or construction project. If that 20 percent seems not enough to them, later they will be able to purchase the part they lack from the "outside" stockholders. Now at the rate on the stock market.

Imagine it: A specific date is set for privatization, say, of the Moscow Motor Vehicle Plant imeni Likachev. Everyone who possesses "investment money" will now be able to exchange all or some of it for the stock of that enterprise. Some people, however, will hold on to their share for what they expect to be a more profitable exchange.

Suppose in a month or two all those who want to become stockholders of ZIL have come forth. It may turn out that the total amount of "investment money" offered for exchange will, for example, be twice as much as the published value of the plant. Then the stock corresponding to that value will be exchanged for the bonds at the rate of 1:2: 100 rubles of stock for 200 rubles of bonds. But the opposite situation is also possible: 100 rubles of stock will cost only 50 rubles of bonds, that is, the market, the purchasers, have stopped at a price half as high as that which was originally published. In this case, the stock of the enterprise will be able to "rise" only later, as a result of more profitable conduct of business.

But if some people allow all the deadlines to pass or for some reason simply do not want to exchange their bonds for stock? After a certain time the state will have to buy them back from individuals at the rate announced in advance. Let us suppose that in a particular union republic a period of five years is envisaged for privatization of state property. At the end of that period, everyone who still has bonds would present them for exchange on the basis of parity fixed in advance: say, 40 rubles of cash for 100 rubles of bonds.

Provision should also be made for a reserve of bonds for those who are now, say, 15 years old. After all, in three years these citizens will become entitled to their share.

And finally. In making the transition to the ownership of private stockholders, state enterprises, however you look at it, become private property. You will not, of course, refer to their future activity otherwise than as private enterprise. However, the criminal codes of the union republics envisage imprisonment and confiscation of property for that kind of activity. Is it not time, now on the threshold of the transition to normal economic activity, to revise the relevant articles of our codes? At the very least, declare an amnesty for all those convicted of this activity.

Shortcomings in Conversion Program Detailed

90SV0052A Moscow *EKONOMICHESKIYE NAUKI*
in Russian No 8, Aug 90 pp 33-39

[Article by Yevgeniy Aleksandrovich Rogovskiy, candidate of economic sciences, laboratory chief of the IEP NTP of the USSR Academy of Sciences: "The Economic Orientation of Conversion"]

[Text] The thorough restructuring of the USSR's economy, which has become necessary, presupposes performance of two large-scale tasks: the first is social

reorientation of the economy, and the second is reestablishment of the optimum relationship among sectors, above all between the raw materials and manufacturing sectors. Performance of both is clearly dragging. This seems to be related to the excessive resource intensiveness of the methods selected earlier for achieving the objectives in question—long-range capital investment programs, one form or another of large-scale imports, etc.

What is essentially a unique opportunity to considerably speed up performance of these tasks has now emerged. It is related to the conversion to a peace-time footing of a portion of a powerful scientific-production potential that now exists, but is comparatively autonomous and is comparable in scale and level of development to the economy if not of Japan, then at least of Great Britain or France. The turn toward the doctrine of reasonable defense sufficiency is opening up favorable conditions for carrying out conversion. If conversion is to become an organic part of the general strategy of the USSR's economic development, an outline of optimum sufficiency of the defense industry needs to be adopted on the basis of that doctrine. In other words, a determination needs to be made of those directions for reconfiguration of the portion of the defense production and scientific-design potential being made available which are the most effective from the standpoint of the national economy.

This is a complicated military and economic problem; its solution needs to be approached not from departmental positions, but with clear criteria derived from the objectives that determine the direction of economic development. To a decisive degree, the question of whether conversion will greatly speed up performance of the vitally important task of strategic social reorientation and profound structural revamping of the economy depends on how conversion is organized, planned, and carried out.

The Assumed Conduct of Conversion

The conduct of conversion is at present subject to **administrative logic**. The military-industrial complex (VPK) and the defense departments of Gosplan worked out the measures of which it consists. The initial prerequisite of administrative conversion is its direct linkage to disarmament. It is natural that its scale should also depend decisively on how the acute issues of military doctrine, of the defense industry's sufficiency and readiness for mobilization, are being resolved (or not resolved). Silence on these matters and the use of outdated schemes for dealing with them directly and substantially reduce the potential that could be tapped for the national economy within the framework of conversion.

Yet at present the most important problems of the new conception of the capacity of the defense industry for mobilization and the corresponding doctrine of the reasonable sufficiency of defense cannot be considered solved. For that reason, reduction of the production of

arms and military equipment is accompanied as a rule by an enlargement of its potential for mobilization by mothballing the main processing equipment and raw materials. Data on the amount of metal to be made available, which is incomparably small compared to the amount consumed by the defense industry and the scale of disarmament, provide indirect confirmation of this point of view.

We can assume that the administrative conversion of the defense branches now being carried out and planned for the future mainly affects their personnel potential (what is more, preservation of departmental benefits is envisaged both for personnel transferred to the manufacturing of civilian products and also for other personnel, including those not presently employed in producing products with defense purposes).

Two programs covering the period 1989-1995 are now being carried out within the framework of conversion: one for the production of manufacturing equipment for light industry and the food industry and the other for manufacturing consumer goods. The VPK and defense departments of Gosplan have prepared a Plan for Conversion of the Defense Industry for the Period up to the Year 1995, but it was drafted using the outdated methods of sectoral planning, which indeed predetermined its orientation toward preservation of that sphere's technological separateness. Organizing new civilian production operations in this sector that are far from the technological potential of the defense branches requires unacceptably large outlays of resources and money, including foreign exchange. The strategy adopted essentially calls for building a second economy in the defense departments.

Every ruble of military products being removed from production is now being replaced by 15-20 kopecks of civilian products. Assuming that in 1990 the latter figure rises to 30-33 kopecks, we can conclude that at this "rate of efficiency" of substitution of military output the size of the national income used will drop. According to preliminary indirect estimates, the reduction in the amount of military purchases, reflected in the national income used, will cause the latter to shrink by 5-6 billion rubles. If we take into account the planned growth of production of civilian products in the defense branches, the growth of its size could be 1.8 billion rubles in 1990. As a consequence, according to preliminary estimates, the national income will shrink by 0.5 percent.¹

In addition, we must note that the volume assignments for the output of civilian products at defense enterprises make those products considerably more expensive with no essential improvement of quality. Only a portion of the equipment supplied to the VPK is up to the world standard; a number of pieces of equipment are at present outdated and do not guarantee high productivity and reliability and quality of the products produced. The cost of the machines and units newly developed by the

collectives of the defense complex frequently exceed several times over the cost of similar pieces of equipment manufactured previously.

But even the large scale of production of civilian products by defense branches does not guarantee a radical change of the situation on the consumer market. First, the planning targets for the defense industry do not affect the most important components of consumer demand—housing and automobiles, and second, even in the 14th FYP maintaining the country's sufficient defense capability at the new level of quality could make it necessary to reduce the output of consumer goods in defense branches.

What is more, this version of conversion requires incomparably greater capital investments and expenditures to finance defense scientific research institutes and design offices. When the assumed results and dates for their achievements are taken into account (developing and organizing the series production of civilian products and nonfood consumer goods, transfer of the scientific and technical advances of the defense complex to civilian branches, developing and organizing the production of fundamentally new types of equipment, resource-saving processes, and promising dual-purpose materials), it seems that these expenditures will be 2.5-3-fold higher.

A decisive deficiency of the conversion plan now being examined is that the measures it calls for **do not look to the use of the gigantic scientific-technical and technological potential that exists in the VPK to perform the strategic tasks of economic development.** We can hardly expect that carrying out such a plan will improve the quality of capital goods produced on a large scale or will reduce the resource intensiveness of the economy, nor will it be able to extricate the economy from its state of profound technological imbalance. This version of conversion sees the policy of social reorientation of the economy as transient and short-term. What is more, if conversion remains inefficient from the standpoint of the national economy even in the subsequent stage, when its scale expands, then the country will simply be destroyed.

Disarmament treaties will, of course, have an indirect—political—influence on conversion plans. But direct linkage of conversion to disarmament signifies in fact a substantial reduction of it. In this case, arms production remains the leading element of the production program of defense enterprises even if it takes up less than half of that program. The structure of production of civilian products is formed from below, from the enterprise, on the residual principle (for example, on the basis of equal labor intensiveness of production of the military-purpose product being withdrawn from production and the civilian product being put into production), and its orientation is not that of the national economy. Thus, conversion in the variant at which we are looking will not be able to justify the hopes which have been placed on it.

The Logic and Scale of an Economically Oriented Conversion

The point of departure in working out an alternative version of conversion is in my view an assessment of the technological requirements of the country's economy. The scale of administrative conversion is manifestly inadequate to normalize the technological structure of the economy and impart to it a strategic social orientation. What is needed is **integration of the technological and design potential of the defense industry and the civilian sphere, and not according to the residual principle, but on the basis of need.** This in my view is the only realistic strategy for overcoming the profound technological disproportions in our economy without substantially increasing the foreign debt.

This kind of conversion requires essential progress in guaranteeing the country's security by political means and also a corresponding correction of strategy toward optimization of the use of the military component of security. What does this mean in specific terms? First, arms reduction, which is at present a subject of negotiation; second, reduced production of military equipment, which would mean revising the conception of military construction and would be the subject of future negotiations on limitation of qualitative improvement of weapons (consequently, the scale of their renewal); third, a new conception of the defense industry's capability for mobilization, of the readiness for up-to-date production of new types of weapons, a production that would be based on the entire potential of the national economy.

Economically oriented conversion can hardly be prepared in the defense departments of Gosplan and in the VPK: in their present form, given their organizational separateness, they give insufficient consideration both to political dynamics (the magnitude of upcoming agreements) and also the real needs of the economy.

The magnitude of upcoming political agreements necessitates a radical revision of military strategy and of the logic used in planning conversion, as well as identification of the technological directions of structural revamping of the economy, in which the potential of the defense branches could play a decisive role. In other words, administrative conversion needs to be renounced in favor of an economically oriented conversion.

Directions of Economically Oriented Conversion

Conversion, I am convinced, must be worked out and implemented as a **multipurpose state priority program**, that would include the following goals.

1. Shaping a steady trend toward improving the production technology of consumer goods in the civilian sphere of the economy thanks to very rapid expansion of industrial cooperation with the defense industry focusing on prophesies and products. Emphasis in developing the production of consumer goods should be placed on the civilian sector of the economy, but flexible cooperative ties with the defense industry would be

expected to become a principal reserve for rapidly overcoming the heterogeneity of machinebuilding technologies and their departmental separateness and for bringing about the material and organizational prerequisites for developing machinebuilding as a unified and ramified technological process.

2. The rapid growth of civilian products, goods for the people (above all medical equipment and electronics) not requiring large capital outlays, but science-intensive, thanks to the technological potential of the defense industry and its involvement in international industrial cooperation.

Conversion's contribution to the performance of social programs will reach its maximum not thanks to direct partial conversion of the capacities of defense plants to produce goods for the people, but through reconfiguration of large and technologically generic production operations to the output of high-quality equipment (instruments and the like) for the branches of the social sphere and for export. For example, conversion of a number of tank plants entirely to the production of new generations of high-quality agricultural equipment, aside from the direct impact in agriculture, would make it possible even in the 13th FYP to reconfigure many tractor plants and agricultural machinebuilding plants (which are in need of radical reconstruction anyway) to the volume production of inexpensive automobiles. The growth in the output of cars could be achieved quickly (in 2 or 3 years) with substantially smaller capital investments than if new plants were built.

In determination of the new list of products of the defense branches, the point of departure should not only be an increase in the share of consumer goods, but also selection of those products whose production could be quickly organized and this done almost without additional outlays. The criterion of efficiency here must be the overall conservation of resources, which, in my view, is the only thing that can make socially oriented structural revamping of the economy stable and long-term in nature.

3. Creation of a system of environmental protection (including the production and application of the necessary materials and equipment) through reorientation of the scientific research and design potential of the defense branches. The practical performance of such an exceedingly important task as normalizing the environmental situation in the country might be taken on, for example, by Minsredmash. It would be able to carry out such large-scale measures as designing a monitoring system, production of automated complexes for neutralization of effluents, etc. Within the framework of conversion we might develop mobile pieces of equipment for continuous monitoring of the state of the atmosphere and begin to produce them with the help of the CEMA member countries. And that would make it possible not only to satisfy the needs of those countries, but also to export that equipment jointly.

All of this could substantially reduce the cost and speed up performance of the urgent tasks of economic development without losing the scientific-technical and technological potential of the defense complex. The impact of conversion toward economic recovery must consist, I think, not of restricting the financing of the defense branches, but of saving resources of the national economy in the civilian sphere. Conversion will become effective only when its design is closely linked to other target programs. They would include an environmental program, a program for improvement of industrial safety and the quality of capital goods produced in volume, and a program for foreign economic relations.

This seems to be a good place to say that at the present time a number of large industrial and banking corporations of the West have shown an intention to invest capital in conversion of the Soviet defense industry monitored from outside. Various forms of international cooperation in finishing scientific-technical advances of the defense complex (applications, experimental design and development, marketing) with a view to their civilian application and with an orientation toward the Soviet and world markets offer the most promise. The foreign capital could use the potential for innovation concentrated in the defense complex (computer-aided design systems, testing stands, jigs and fixtures, tools, and so on) to update the product assortment of civilian machinebuilding, bypassing departmental and technological barriers. I will enumerate those areas for the application of foreign capital which seem most promising in my view:

- projects based on the isotope industry (centrifuges) in order to obtain materials of high purity, above all for electronics, optoelectronics, as well as for the electrical equipment industry;
- reorientation of the technological potential of rocket chemistry and radiation chemistry toward the development of science-intensive small-scale chemical production operations (catalysts, activators, plasticizers, etc.);
- use of the machinebuilding capacities of the atomic and space industries to produce a broad range of technological equipment and instruments for the chemical industry;
- study of world demand for helicopters with a view to their purposive refinement and production in large numbers;
- industrial cooperation in the production of civilian aircraft based on Soviet glider design, equipping them with engines and control and navigation systems that meet international requirements;
- the use of composite materials and reinforcing and protective coatings;
- use of lasers in civilian-purpose systems (cutting metal structural elements, medicine, environmental protection);
- design and production of equipment to use unconventional energy sources (including autonomous sources).

Measures To Carry Out Economically Oriented Conversion

As is well-known, the State Program for Conversion of the Defense Industry in the Period 1991-1995, which the government is to present for consideration to the USSR Supreme Soviet by the end of this year, determines the specific distribution of defense capacities made available. We have already spoken about the deficiencies of the draft version of this program, but we would like to add the following. The draft contains those same volume indicators (both for military output and civilian output) which are broken down by ministries on the basis of the principle of equal labor intensiveness of the previous product and the new one being put into production. The technological principle is thereby cast away, outdated sectoral methods are used that are based on superficial figures from balances that have not been grouped from the technological standpoint. In my view, this draft is unsatisfactory.

In order to draft a multipurpose program of economically oriented conversion, it would seem advisable to immediately form a permanent group of experts that would not depend on the VPK and defense departments of Gosplan. It would outline the basic principles of the program before, not after, conclusion of an agreement similar to the Veys plan. The commissions of the USSR Supreme Soviet and USSR Academy of Sciences which have been created do not have the tasks and capabilities for carrying out that kind of interdepartmental project, nor do they even possess the necessary information.

I think that defense enterprises carrying on economic activity independently must actually have two target programs: for the production of defense products and for the production of civilian products, and they would be closely interlinked both in time and in technology. The functions of the ministries cannot fail to undergo change.

The VPK ought to assume the functions of scientific and technical management of conversion, define the effective directions for technological shifts in the economy, form a kind of demand for conversion and orient it accordingly. As a matter of fact, the diversity as to quality, technology, and design of elements of science-intensive equipment at the present time predetermines the incredible complexity of the cooperative ties among thousands of economically independent enterprises. Probably only the VPK is capable of the centralized organization of this industrial cooperation on the basis of a target program to produce specific end products.

A centralized plan providing for the conduct of economically oriented conversion without harm to the military-industrial complex nor to the country's defense as a whole is also necessary because the market now taking shape in the country is so far unable to perform those tasks. In addition, the cause would be aided by an authoritative and highly qualified expert evaluation, independent of the VPK and defense departments of Gosplan, of both the individual directions of economically oriented conversion and also of its program as a

whole, an evaluation that would have the right to cast doubt on decisions which have already been adopted for implementation. Such a body of experts should probably be created under the USSR Supreme Soviet.

While the VPK would be left a portion of scientific-technical policy and the functions of organizing multi-level cooperative relations among enterprises, it would be advisable either to deprive it entirely of the right of "off-budget" financing of the production of arms or to substantially reduce the scale of that financing. Altering the functions of the VPK would contribute to reorganizing the defense ministries, reducing their number, and ultimately forming a number of multiprofile independent concerns mainly manufacturing science-intensive dual-purpose products.

It is high time to transfer to the Ministry of Defense the functions of ordering all defense-purpose products so that their development and production would be financed exclusively out of funds appropriated from the country's budget to the Ministry of Defense for those purposes. That presupposes renouncing covert and overt subsidies traveling through other channels and resulting in a substantial lowering of the prices of arms and military equipment. The transition to real prices that fully take into account all the costs of production (including R&D), tests, preparation of production, depreciation of expensive equipment, and so on, prices that would be comparable to prices of civilian-purpose products, would provide a basis for most of the defense enterprises to operate without loss under the new economic conditions and would help to give economic incentives for continuous qualitative renewal of the products produced.

Among the centralized measures necessary to carry out economically oriented conversion, I would also like to mention the following: 1) the gathering and analysis of information pertaining to the technological potential of the defense and civilian spheres of the economy and also pertaining to the organization of cooperative relations; 2) allocation to the defense industry of earmarked capital investments providing for the development of machinebuilding as a whole and creation of conditions for prompt redistribution of decentralized capital investments from civilian machinebuilding (where they cannot be efficiently assimilated) to defense branches that possess their own high-quality investment resources; 3) inclusion in the state order of the relevant subbranches of the defense industry services related to increasing the output of consumer goods in the civilian sector of the economy, assuming the prices of such services would be set so as to take into account the overall effect of the cost saving for the consumer.

In addition, it would be worthwhile to allow outside organizations to acquire from defense enterprises unnecessary equipment and nondisposable items at negotiated prices. It would also be advisable to allow in shops and production operations modernized by their own efforts

the payment of wages not only based on the output quota, but also out of the capital investments allocated for modernization.

Footnote

1. It is not difficult to see that these calculations do not coincide with the estimate of the benefit from reduction of defense expenditures and the personnel of the armed forces and from the influx of the discharged military personnel into social production that was published in the newspaper PRAVDA on 10 November 1989. Judging by that article, the measures being carried out even now make it possible to augment the country's national income by a minimum of 1.8 billion rubles, and the total economic benefit of conversion will be 12 billion rubles.

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Scientific-Industrial Union Holds Founding Congress

Purpose, Functions of Union

904A0463A Moscow *EKONOMIKA I ZHIZN*
in Russian No 26, Jun 90 pp 6-7

[Report by V. Maleyev and V. Khrebtov: "Union of Competence and Skill"]

[Text] The founding congress of the Scientific-Industrial Union of the USSR was held in Moscow. It was founded at the initiative of a group of people's deputies of the USSR, major industrial enterprises and associations, research and academic institutes, banks and a number of ministries and public organizations.

The basic purpose of the union, through all of its members in different public and political movements and organizations and through people's deputies, is to carry out in legislative and executive bodies the firm course of establishing the most favorable conditions for an improvement of the efficiency of the economy, the development of industry and the acceleration of scientific-technical progress regardless of the forms of ownership.

In the general opinion of the organizing committee of the founding congress and all 400 of its delegates, the Scientific-Industrial Union of the USSR must not pretend to the role of a political industrial party. It will not in any way copy or duplicate the work of union and republic authorities. It was declared unequivocally at the congress that the union is a public organization of a fundamentally new type.

People's Deputy of the USSR A. Volskiy, chairman of the organizing committee of the congress, who was elected president of the Scientific-Industrial Union, told about the nature of its interrelationships with higher legislative and executive bodies and public organizations.

"It is quite natural," said Arkadiy Ivanovich, "that in its actions the union must rely on the Constitution of the USSR, the ukases of the president of the USSR and laws. We intend to cooperate with the USSR Supreme Soviet primarily through the people's deputies who came forward with the initiative for the founding of our union. The sphere of our interests here is the preparation and passage of basic laws involving problems of interest to industrialists."

The degree of protection of the production sphere and the successful course of economic reform as a whole will depend upon what relations develop between the union and the committees and commissions of the USSR Supreme Soviet and upon how actively people's deputies will participate in the work of the union.

The Scientific-Industrial Union will implement measures aimed at the development of the economic independence of enterprises and entrepreneurial actions and at effective structural reforms in public production. It is a matter of a reasonable policy for state orders, the provision of raw materials and energy, the establishment of favorable conditions for the conversion of production and the expansion of the share of leased, joint-stock and collective property in the country's economic potential.

The thesis that the Scientific-Industrial Union will be open for constructive dialogue with any political parties and organizations that stand on the positions of perestroika, humanism and democracy was widely discussed and ultimately approved at the congress. The union will support the program objectives of any public groups whose actions are aimed at developing our society and at raising the well-being of the Soviet people.

The future work of the union in the development of foreign economic ties is of particular interest.

Here, as delegates to the congress noted, one should begin with the reorganization of All-Union economic law, which does not by any means always help to bring together Soviet and foreign industrialists. The task is to gain the reputation of an authoritative participant and intermediary in cooperation with foreign partners. Today joint enterprises and banks are being established, schools for managers are being organized, our specialists are getting on-the-job experience at the largest Western enterprises and talks are under way on the establishment of free-enterprise zones. At the same time, it is apparent that many organizations are unprepared for foreign economic activity. There is no clearly developed strategy for attracting foreign capital or system for its legal security.

Still another important task of the union is the dissemination among the public of the most rational production relations, the development and introduction of rules and codes of business ethics, the implementation of a program to raise the standards of business partnership and the formation of a new economic thinking in this sector of work.

The coordinating role of the union in adapting to world standards is very important. There is an immense amount of work to be done in this direction. Today there is no organization in the country that deals with the coordination of the norms and demands put on our output by various foreign countries. The union has to provide assistance to domestic enterprises in certifying that output meets world requirements with respect to ecology and safety and that production meets international standards, in improving and replacing hopelessly obsolete enforceable enactments in the sphere of scientific-technical progress and in promoting the legal protection of Soviet enterprises abroad.

In short, the new Scientific-Industrial Union of the USSR has many objectives and tasks. It is noteworthy that they came into being not behind the scenes in offices, as was frequently the case in the past, but on the basis of a large number of proposals from founders, enterprises and specific persons. The organizing committee of the union received about 1,000 letters and telegrams with constructive ideas with respect to the establishment and further work of the union just through the USSR Supreme Soviet and its deputies. The participation of such a broad group of people in the establishment of a new public organization indicates its urgency, vitality and great potential possibilities.

The by-laws of the Scientific-Industrial Union of the USSR were formulated on the basis of these proposals. They set forth its main objective—the protection of the rights and advancement of the interests of domestic industry and science under the new conditions. To carry out these tasks, the union must do everything possible to help raise the status of enterprise based on different forms of ownership, protect the independence of enterprises and support a climate of mutual trust and practical partnership.

In presenting the proposal on the establishment of the Scientific-Industrial Union, its founders proceeded not only from the necessity of the search for radical ways to bring together the efforts of workers in industry and science to achieve a breakthrough toward true economic freedom but from an analysis of the experience of the former Union of Industrialists of Russia as well as present-day world practice. Associations of entrepreneurs similar to the Scientific-Industrial Union are one of the most remarkable attributes of the business world of Western countries. The sphere of activity of foreign industrial associations includes such directions as influencing the economic policy of the government, developing the national economy and strengthening its international positions, modernizing production, improving the professional training of personnel, promoting exports and many others.

Take, for example, the United States, where the National Association of Industry is the leading entrepreneurial association. It unites 75 percent of all industrial firms—large and small. Its statute determines such basic tasks as

the support of legislative initiatives aimed at strengthening the positions of enterprise, the advancement of the interests of American industry, assistance in the expansion of domestic and foreign trade, support for a climate of trust between enterprises and hired workers and the protection of guarantees of the individual rights of company directors. Particular importance is assigned to the optimization and improvement of the forms of influencing legislative and executive authority. Working in these directions are permanent bodies—committees on economic policy, economic security, problems in labor relations, labor protection, finances and relations with the government and the public.

In France, the National Council of French Employers is the largest association of entrepreneurs. It unites more than 90 percent of enterprises, in which more than 60 percent of workers are employed and in which more than 90 percent of the capital in the country is invested. For this reason, it is frequently called the main staff of industry.

In the FRG, the head organization of the union of entrepreneurs is the Confederation of German Employers Associations. The association includes about 40 unions and other organizations of entrepreneurs including 98 percent of West German industrial enterprises. The association has given itself such tasks as the determination of the proportions in the distribution of the gross social product and consumption and saving norms, the regulation of the rate of economic growth, structural ties and provision of stability in the monetary turnover and foreign economic equilibrium. Representatives of the association are permanent members of different consultative bodies and participate in the government and ministries of the economy, finances and defense.

In England and Austria, it is forbidden to make any major economic decisions without consulting with the appropriate national unions of industrialists.

Many of those speaking at the congress stressed the fact that we must take from this experience everything that is best and that has proven itself and find optimum forms of utilizing this experience on the basis of our own concept.

And how will the new public organization set up its own work in practice?

The union will go to the highest authorities with a legislative initiative on the most varied questions—from priorities in the development of science and production to economic law and tax and finance policy. It will be able to establish its own joint firms, joint-stock companies and banks, perform scientific and marketing research requested by its own members, establish business schools and centers for the improvement of skills, carry out exhibitions, fairs and symposiums and provide on-the-job training for personnel.

Managers of enterprises and organizations, entrepreneurs, scientists, engineers and other persons employed in the sphere of production, science and scientific services can become individual members of the union. Enterprises, organizations, associations, independent public organizations and unions, cooperatives and lease collectives can appear in the role of collective members. The by-laws especially stipulate that membership in the union does not restrict them in any way in their production, professional, commercial or public activities.

It will also be necessary to establish a well-developed forecasting service, which would forecast the development of production, market conditions and the technical-economic, ecological and hence social consequences of the realization of some particular technical project or law. Here it is planned to pay special attention to the forecasting and formulation of preventive measures against crisis situations in economic regions of the country.

According to some economists, the transition to the market will be accompanied by the appearance and increase of unemployment. The fear of losing such an important achievement guaranteed by the Constitution of the USSR as the right to labor causes the natural reaction in part of the population of not accepting market relations. And here the Scientific-Industrial Union together with trade unions and the government could work out a program to manage the processes of the creation of jobs and the migration of manpower. The practical implementation of social programs by the union would significantly facilitate the lives of people under the new conditions of management and would raise its authority in the eyes of the public.

The by-laws of the Scientific-Industrial Union of the USSR provide that the new public organization will take on the function of the preferential financing of risky projects and the provision of members of the union with licenses and patents under preferential conditions. The main organizer and coordinator of the performance of these functions must be the Union of Scientific and Engineering Societies with branch and republic structures operating within the scope of the new organization.

Ten committees and commissions will operate within the framework of the union: on questions of economic reform; finances and credit and finance policy; scientific-technical policy and innovation; training and raising the skills of personnel; support of small and medium-sized enterprises; antimonopoly policy and conscientious competition; foreign economic activities; on legal questions involving the work of enterprises, the protection of the rights of entrepreneurs and the regulation of labor relations; a coordinating committee; and a committee on the questions of information, exchange of experience, publishing work and ties with the mass media.

It is proposed that the finance capital of the union be formed through admission and membership dues, voluntary contributions, receipts from paid actions, research, studies and expertise and income from production-economic and publishing work. But, as was repeatedly emphasized at the congress, the Scientific-Industrial Union must not make the gaining of profit its only objective. It needs profit only to the extent that would ensure the maximum effective action of the new public organization.

Primakov, Others on Need for Union

904A0463B Moscow *EKONOMIKA I ZHIZN*
in Russian No 26, Jun 90 pp 6-7

[Statements by delegates to founding congress of Scientific-Industrial Union: "The Delegates to the Congress Speak"]

[Text]

Ye. Primakov, member of the President's Council:

I see the objectives of the Scientific-Industrial Union in several planes. Above all it must be one of the regulators of market relations. Under the conditions of decentralization, this function cannot be fully performed by the state. Naturally production relations must be regulated in such a way that they will not devastate consumers, otherwise the idea of the market will simply fail.

Another question is that of the financial protection of producers. Such protection is an extremely important condition for the development of enterprise and initiative.

The union can help in the development of the international cooperation of domestic producers and organize symposiums and meetings with business people from other countries. And, perhaps most importantly, I would like to see the new public organization as the leader of the idea of discipline in labor, deliveries and obligations. I think that the union has a great future.

B. Mitin, president of the Association of Engineering VUZ's of the USSR:

The current system for the training of engineering personnel does not correspond to the tasks that it has to resolve under the conditions of the developing market. It is oriented toward planning methods of management and because of its conservatism it is incapable of effective perestroika. The new association was established to resolve the problem of the training of personnel capable of taking action under the new conditions.

Today the association includes more than 60 engineering VUZ's of the RSFSR and their branches in the republics. The program "Engineer 2000" is being carried out in its scope to master new forms and methods of training technical specialists. A new system is being worked out for interaction with industrial enterprises and for the financing of educational programs in the interests of

specific labor collectives. We are also preparing proposals on tax advantages for enterprises investing money in the system for the training of engineers. We are proposing to take control of the system for the training of personnel. I think that the Scientific-Industrial Union will not remain indifferent to these programs. It is very encouraging that a commission on the training of personnel has already been set up in its secretariat.

Academician A. Aganbegyan, rector of the Academy for the National Economy:

The transition to market relations must be secured through dependable legal norms. Dependable, I emphasize, otherwise this transition may be dangerous for the country. The USSR Supreme Soviet, government and trade union with the right of legislative initiative frequently draw up legal norms unilaterally by virtue of their position. This is why, in my opinion, one of the most important rights of the new union is the right of legislative initiative, which the members of the union must use actively, defending the interests of industrialists and entrepreneurs.

L. Vaynberg, president of the All-Union Association of Joint Enterprises, International Societies and Organizations:

Joint enterprise has become a reality in our country. With its help, new forms of management, organization of labor and scientific work are approved and developed. When joint enterprises were just beginning to appear, there were many disputes about whether production systems adapted to the planned economy can master market relationships effectively. But it turned out that the worries were in vain and that the barrier can be overcome. And now, even though there have been many failures, we also have some obvious accomplishments. And this experience needs to be developed.

It is obvious that with the development of the market the country will face major new tasks and that there will be new and comprehensive state programs, in the realization of which foreign corporations will participate. Contact with them was previously the monopoly of the ministries. We are now destroying all of these monopolies. The question will arise: Who will coordinate such programs and how can one effectively integrate small and medium-sized enterprises for this purpose? It is obvious that it will be necessary to shift from the monopoly of the producer to the monopoly of the concept. The Scientific-Industrial Union can take on the role of such a link.

G. Novozhilov, general designer of the Machine Building Plant imeni S.V. Ilyushin and people's deputy of the USSR:

Despite all of our efforts, unfortunately, we have not yet been able to establish a mechanism in the country that could connect science and production. This is the case, in my view, because we often forget about one link that

makes this connection. Before becoming technical documentation and a consumer product, a scientific idea must pass through the hands of designers and production engineers. And so that this is done quickly, it is necessary to pay increased attention to this part of our technical intelligence.

Our design bureau is now busy with the creation of a new generation of passenger aircraft—the IL-96 and IL-114. We are also doing a lot of studies in the scope of conversion. But I very much fear that as soon as we finish these projects there will also be a decline for a design bureau with a great deal of experience and hard times may come. And we may not be the only ones in such a situation in the transition to the market. The help of the Scientific-Industrial Union will be essential in this complex situation so that we can find potential consumers and preserve what was created over decades with considerable difficulties for the country.

V. Shimko, USSR minister of radio industry:

Above all our union must help adapt industry to the rapidly changing economic conditions of management. Today we acutely sense the need to restructure the branch system of managing production in the country. I am firmly convinced that this restructuring must move from vertical to horizontal ties, through the establishment of structures similar to our union.

As a public organization, the Scientific-Industrial Union can take on the function of social expertise and the assessment of large-scale state programs. We all know how easily such programs are adopted here and then it frequently turns out they are expensive and inefficient. Uniting powerful forces of science and practice and relying on its own independence, the union has the broadest possibilities for this.

Today, in essence, we lag behind the enterprises of developed countries in the level of technology and the consumption quality of output. Our computers and motor vehicles break down more often, are less productive and less comfortable. With the development of international ties, our enterprises will find themselves in a difficult position. A number of questions and problems will arise that the enterprises will not be able to resolve independently. And here as well there are great hopes on our union.

And, of course, the union must help to develop contacts between producers and to elaborate a strategy for the development of industry and a philosophy for enterprise. I am convinced that the problems facing our country can be solved through the development of the scientific-technical and entrepreneurial sphere.

Ye. Brakov, general director of AvtoZIL Production Association:

More than 120,000 workers are employed at our association and the volume of output exceeds 2 billion rubles. It is generally thought that we produce only motor

vehicles. But this is not quite right. Our enterprises also produce household refrigerators, microwave ovens, microprocessor technology and equipment for machine tools.

The transition to the market economy, the rise of new forms of ownership and the formation of regional cost accounting all make things difficult for large industrial enterprises like ours with dozens or hundreds of partners in different areas of the national economy. The renunciation of the administrative system of planning and distribution presupposes a transition to direct horizontal ties with supplier enterprises. But these ties often turn into grabbing. Even today, because of the shortage of material and technical resources, the production of one-fourth of the output of the association is in question. For this reason, the production of 50,000 motor vehicles in the second half of the year is threatened. It is precisely for this reason that we responded with enthusiasm to the idea of the establishment of the Scientific-Industrial Union. It must be the guarantor of stable ties and interrelationships with the country's enterprises in the name of common interests.

The union can also do much to resolve problems having to do with conversion. Enterprises of the defense complex are now working in this direction at their own risk. It appears that in the scope of the union it is necessary to perform an analysis and take stock of the scientific, engineering and technical possibilities of the defense complex and to develop an integral program for conversion to preclude the element of chance in this important matter.

We all understand that technical progress in the area of computer technology, new sources of energy and means of communication will require huge investments. We can no longer count on the budget. For this reason, precisely our union, uniting a powerful group of industrial enterprises, plants, research centers and scientific institutes, must take on the role of the source and regulator of investments in the development of specific programs. Having united our efforts, together we will be able to achieve a lot.

PLANNING, PLAN IMPLEMENTATION

Reduced Plan Targets, Rejection of State Orders Cause Output Decline

904A0526A Moscow *PLANOVOYE KHOZYAYSTVO* in Russian No 7, Jul 90 pp 34-43

[Article by P. Krylov and Yu. Rabinshiteyn, candidates of economic sciences: "Enterprise Plans under the New Conditions"]

[Text] The decisive position of enterprises in social production requires that their leading role in the entire planning system be ensured. However, over a period of many years under conditions of centralized planning, the real role of the enterprises was largely minimized. The

theory and practice of national economic planning proceeded from the absolute compulsory nature for enterprises and organizations of the broad range of targets in the national economic plans.

The theoretical justification for such an approach ensued from the supremacy of the national economic plan as a plan expressing the interests of society as a whole and ensuring the requisite rates and proportions in the development of the national economy.

National goals and tasks for economic development can be expressed through a narrow range of the most important national economic indicators. However, over a number of years the national economic plan changed into a very detailed program for the development of all the branches of the national economy with an enormous set of indicators (their total number was estimated in the tens of thousands) encompassing the various aspects of the economic activity of the enterprises.

Regulating the activity of enterprises by directive, the targets from the center have begun to bind their economic activity and to lead frequently to the development of not very effective plans that provide, mainly, for a quantitative growth of production.

At the same time an economic mechanism which would orientate the enterprises to an as complete as possible utilization of production resources and the proper material interest of their collectives in scientific and technical progress and an increase in production efficiency were practically nonexistent.

Under conditions when the degree of overfulfillment of plans was taken as the basis for the evaluation of the entire system of enterprise activity, socialist competition, and moral and material incentives, the urge to get deliberately low plans became characteristic for the enterprises. However, these tendencies usually were suppressed by the higher administrative organs with the participation of the local party organs. Only in the course of plan fulfillment, especially in the middle of the seventies, did the enterprises at the end of the year frequently obtain a downward revision of the plan, i.e., its adjustment below the enterprise operation indicators achieved was in fact accomplished.

A basic solution of the problems with respect to increasing the role of enterprises has been advanced in the course of the implementation of radical economic reform. An important stage in its realization was the approval in 1987 of the Law on the State Enterprise (Association). In the execution of this law, beginning in 1988, very important functions both of long-range and of current planning were conferred directly on the enterprises. It was indicated in the law that an enterprise independently develops and approves a five-year plan. At the same time it was specified that they use as the basis of this plan the control figures of the higher organs, state orders, permanent economic normatives and limits, and the direct orders of customers and material-technical supply organs.

The expansion of enterprise rights in planning is a very important element of economic reform, based upon conversion to the economic independence of the enterprises, directed to a fundamental increase of the efficiency of their operation and an increase in the living standard of the workers of the collectives. Moreover it was intended that the material interest of the enterprises in plans which provide for the fuller utilization of production capacities, an increase in the output of high quality products and services and in labor productivity and for a reduction of costs would be created. An increase in the technical level of production and the use of the most progressive technological processes was to have become the necessary prerequisite for these plans.

In practice many enterprises which converted in the middle of the eighties to the use of the new methods of management and branches by and large provided in their plans for a significant further increase in production and for an increase in production efficiency. However, such an approach to the development of plans has not been consolidated.

Subsequently, beginning with the plan for 1988, negative tendencies have been observed in planning at the enterprise level, primarily towards a reduction of production plans and economic efficiency indicators.

This practice results from both objective and subjective causes related to the self-interest of enterprises in obtaining above-plan output and a high profit.

The urge for reduced plans is partly explained by the overall unstable operation of many enterprises in recent years, by mass infractions of contract-based deliveries, lack of smoothness in the functioning of transportation, and the influence of strikes and interethnic conflicts. This situation is aggravated by the monopolism which has developed in the national economy under which a consumer enterprise, as a rule, does not have the opportunity to independently select its subcontractors and is dependent on the supplier-monopolist, any disruption in whose operation places all the consumers of his products in a difficult situation. Delays in the shipment of goods and the low economic liability of transport organizations for disruptions of product deliveries also create great difficulties.

The most important reason for the understating of plans is the direct interest of enterprises in their significant overfulfillment, which stems from the possibility of obtaining certain advantages because of it.

First of all, enterprises, as a rule, can use the output produced above the plan for "free" sale apart from contracts. This allows them to obtain scarce raw materials and supplies, equipment and foodstuffs, etc., through exchange. Moreover the above-plan output is normally sold at higher than usual contract prices.

Secondly, usually only above-plan output is allowed to be used for sale for export and thereby to obtain foreign

exchange, including (which is especially valuable) freely convertible foreign exchange.

In the third place, low plans with respect to production and to production efficiency indicators permit one to specify understated profit plans. Interest in above-plan profit stems from the fact that 70 percent instead of the usual 30 to 40 percent was allotted to enterprises from it prior to 1990. This led to a lack of interest of supplier enterprises in production growth and cost reduction, since broad opportunities had developed for increasing profit through a change in the production structure and the use of high contract prices.

The deterioration of the country's economic situation, social conflicts, as well as the weakening of the role of ministries and planning organs lead to the development of a tendency to elaborate understated plans, to refusals to conclude economic contracts or to their revision due to the reduction of deliveries. The number of enterprises and even of branches which plan a reduction in output in comparison with the achieved level, including for products for which there is unsatisfied demand and the scarcity of which is growing, is increasing. It should be said that this tendency creates not only an "easy life" for the enterprises but also certain difficulties in economic

activity which they usually overcome. Thus, this applies to a reduction of the limits for funded resources which are allocated in accordance with production plans and contracts.

Moreover many enterprises project higher targets in the course of plan development but reduce them during the year while keeping the material resources allocated for the larger program. The size of an enterprises' funds for social needs, primarily for housing construction, is restricted. However, many enterprises compensate for this by making broad use of the available substantial unused assets of the economic incentive funds.

Of course, in contrast to the general tendency, individual progressive enterprises put together rather intensive plans, both in the area of production growth (sometimes this is provided for under the influence of growing state orders), and of increasing product quality and economic efficiency indicators.

In individual branches, primarily in the food industry, the total amount of the enterprise plans in 1988-1989 with respect to the production of the basic types of products was at the level or even lower than the preceding year, although actually, as a rule, its increase was achieved (Table 1).

Table 1 (in %)

Product	Production volume compared to previous year				Percentage of Plan Fulfillment	
	Planned		Actual			
	1988	1989	1988	1989	1988	1989
Meat	100	98	101	101	104	103
Animal oil	97	95	103	100	105	105
Whole Milk Products	99	100	103	103	104	103
Fish Food Products, including canned fish	100	92	108	96	108	104

Considering the growth in the population, we will note a reduction in the level of per capita production despite a significant shortage with respect to these very important food products.

One of the reasons for the understated plans for meat and dairy products is the fact that, unlike other consumer goods, only deliveries to the all-union fund is established for them and not a state order.

Reduction or stabilization of the achieved level of production with respect to the plan in 1988 and 1989 took place also for such important light industry goods as cloth, stockings, and garments. Stabilization of the production of chemical fibers and threads both according to the plans and in actuality exerts an adverse influence on the growth of light industry output.

A growth in production was observed in 1988-1989 for the majority of goods for cultural and household needs (a state order is established for them as a rule). However it was not enough to meet the increased needs of the

population. Moreover, the production of certain goods was stable or declined. Thus, the output of passenger cars has declined by 115,000 units during the last two years.

Whereas the development of the fuel and metallurgical industries even outstripped the five-year plan targets in 1986-1987, stabilization has been characteristic since 1988, and a significant reduction in product recovery and production began in 1989. The mining of coal dropped by 32 million tons in 1989, partly in connection with the miners strike. However, the plan set by the coal industry has been corrected and, taking this into account, is considered to have been fulfilled. Petroleum production has dropped by 17 million tons. Since 1989 a drop in the production of steel and rolled ferrous metal products has also begun.

A decrease in the volume of production was provided for in the plans for 1989 for such very important machine-building products as petroleum equipment, forge and press machinery and excavators.

Despite the extreme shortage of building materials in 1989, the growth in the production of precast reinforced concrete structures and building brick fell significantly and the production of cement levelled off, which was provided for by the plans of the enterprises. The growth of the production of paper came to an end and the production of cardboard fell.

In 1989 the USSR government took notice of the mistaken practice of plan understatement by the enterprises. However the proper conclusions were not drawn and the plans adopted by the enterprises for 1990 turned out to be significantly lower for a number of branches than those incorporated in the estimates of USSR Gosplan [State Planning Committee].

According to the data for the first months of 1990 the indicators in enterprise plans and in the course of their fulfillment are, as before, especially low in a number of the most important branches of the food industry.

The overall reserves for the production of oil and coal in enterprise plans projected in the control figures for 1990 are being reduced by approximately 25 million tons. The situation is similar with regard to rolled ferrous metal and the production of steel pipe and for certain types of machinery and equipment and chemical industry products.

The low level of the plans and their unsatisfactory fulfillment by a number of the branches of the national economy lead to a serious distortion of the most important intersectoral proportions. This has to do, first of all, with transport enterprises. Despite the increased need for transport, the shipment of cargoes by railroad declined in the plans of the last two years and in fact in 1989 and in the beginning of 1990. This is connected with the great difficulties in the work of transport, especially in Azerbaijan and Armenia. The volume of cargo hauls by common carrier maritime and motor transport also declined in 1989.

Low plans are characteristic not only for the quantitative indicators but also for the indicators of production efficiency. Thus, the profit plan adopted by the enterprises for the national economy as a whole for January-October 1989 turned out to be lower than its actual amount for the corresponding period of the previous year. The plan was substantially overfulfilled, including by 106 to 110 percent for the majority of industrial complexes (except for the fuel and power complex). This is an obvious indication of its understatement since at

the same time many production indicators and production efficiency indicators were not fulfilled.

Despite the great significance of state orders (as is well known, in recent years they have been used as the basic form of directive targets), the practice of refusing to fulfill them under various often groundless pretexts is becoming ever more widespread. Many enterprises refuse to conclude economic agreements in conformity with the volume of the state order while insisting on smaller amounts. This pertains also to consumer goods, the basic portion of which is included in a state order. Thus, contracts for the delivery of non-food goods for sale to the population in 1990 had been concluded with regard to the volume of products by 91 percent as of 11 December 1989 according to USSR Gosplan estimates. Despite a decision about the need for a drastic increase in the production of consumer goods, enterprise plans for 1990 still do not ensure the fulfillment of the state order for that year with respect to refrigerators and freezers, electric vacuum cleaners, stereo systems and tape decks, and for furniture, etc.

Under these conditions fulfillment of the state order by the enterprises at a lower level than the overall plan is especially intolerable. Such a practice means that, while disrupting the targets for deliveries based on a state order, the output is sold by the enterprise at its discretion. Significant deviations in this regard took place in ferrous metallurgy and in the chemical industry in 1989.

Thus the plan for rolled ferrous metal was not fulfilled by 428,000 tons and the state order by 1,783,000 tons, the production of steel pipe correspondingly by 230 and 363 and of synthetic dyes by 1,200 and 2,800 tons.

As a result the enterprises, instead of fulfilling the state order, sold 1,355,000 tons of finished rolled products, 133 tons of steel pipe, and more than 1,600 tons of dyes under conditions more favorable to themselves.

Not infrequently enterprises, even within the framework of a plan that is close to the control figures, insist on a reduction of the volume of the state order.

Planning discipline has deteriorated significantly in recent years. As in past years changes are made in the plan at the end of the year when the corrected plan is essentially adjusted to the anticipated volume of production. Understatement of plans and their correction during the year lead to the revision and violation of economic agreements and inflict great harm to the consumers (Table 2).

Table 2

	1988	1989			
	Actual	Control figures	Enterprise plans total		Actual
			at start of year	at end of year	
Total fabrics, bill. m ²	13.1	13.9	13.3	13.1	13.1
including cotton	8.1	8.5	8.2	8.1	8.1
Shoes, mill. pair	819	887	835	835	827
Furniture, bill. rubles	9.4	9.9	9.9	9.5	9.6
Mineral fertilizers, mill. tons	37.1	38.2	37.4	34.9	34.3
A. C. Electric motors (axis of rotation height 63-450 mm), mill. units	9.5	11.1	10.1	9.4	9.1
Agricultural machinery, mill. rubles	4,123	4,435	4,040	3,684	3,688

In the control figures for mineral fertilizers and agricultural machinery USSR Gosplan, evidently, did not take adequate account of the significant changes in the needs of agriculture leading to the need to reduce the production of a number of types of products. It should be noted that the overstating of individual control figures which occurs on the part of USSR Gosplan and the ministries, as well as the higher plans of the enterprises at the beginning of the year, lead to the imbalance of the plans. This is related, first of all, to the fact that the limits of funded raw materials, other materials, and fuel allocated by USSR Gosplan [State Committee for Material and Technical Supply] and its organs for the control figures and the higher plans are not revised as a rule later on in cases when the plans are reduced. All this contributes to the growth of above-norm stocks of material resources at the enterprises.

One of the reasons for the reduction of plans during the year is the extreme nonfulfillment of plans for commissioning production capacities and fixed capital, including that provided for in the state orders. In 1989 this nonfulfillment amounted to about 14 billion rubles while the rate for the commissioning of production capacities fell in comparison with 1988. With respect to state order projects the commissioning plan was fulfilled by 59 percent in 1988 and by only 50 percent in 1989 (including projects carried over from the previous year).

The shortcomings in economic planning and development mentioned above are related not only to objective causes but also to the current underestimation of the role of plans in present-day conditions by some economists.

Modern industrial production requires a certain regularity in the activity of enterprises, especially in the area of the technical improvement of production, increased economic efficiency, social development, etc. The experience of developed countries is convincing evidence of this. Moreover, it should be emphasized that the firms and corporations of these countries orientate themselves to the development of programs and operational plans which provide for the fullest utilization of production,

labor and material resources. Various flexible management forms, both on the level of corporations and firms, as well as of the enterprises and organizations which make them up, are used for this purpose.

Thanks to the extensive use of computing equipment many large-scale firms have converted to program-goal management methods which permit them to develop and implement strategic courses of production development based on the latest scientific and technical achievements.

Since firms try to increase their profit under conditions of a sharp competitive struggle, including by means of low prices, a systematic reduction of production costs, an increase in labor productivity, and the maximum utilization of new equipment, especially in the interests of increasing product quality, are required from the enterprises.

The development and implementation of operational plans by the enterprises themselves, provided that an overall strategic line of production development, capital investments policy and securing of proper work efficiency, determined by the corporations and joint-stock companies, is carried out, is a characteristic tendency.

One of the most important directions of the economic reform is the conversion of enterprises to leasing by worker collectives. The USSR Law on Leasing says that a leased enterprise formulates its own activity in the capacity of a socialist commodity producer. It is granted the right to ownership of the output produced and the revenues received, to determine the forms and systems of wages, to carry out the expansion, reconstruction and technical re-tooling of production and the necessary financial operations, etc. An enterprise which is being leased has broader rights in planning. This pertains primarily to the planning of the production structure, capital investments, wage and economic incentive funds and a number of other indicators. The enterprise is freed from the regulation of its economic activity by higher organs through a system of economic normatives, which at the present time are widely used in the first model of

cost accounting and partly in the second. At the same time, centralized planning of production of output that is especially important for the national economy and the population is retained through the system of state orders. A leased enterprise is obliged to take on itself, on a contract basis, the fulfillment of a state order and orders for the sale of output (services) on the basis of existing economic ties in a volume not exceeding the corresponding orders accepted for the year of its being leased. It is also established that, with respect to output being produced by capacities belonging to the collective, the state order is accepted by the enterprise voluntarily. These provisions indicate a more flexible use of the system of state orders. At enterprises which have converted to leasing, since they themselves determine the directions of the sale of output (not included in the state order), interest in the growth of production as well as in increased profit, which after the payment of taxes to the state and the lease payment remains at the disposal of the collective of the leaseholder-enterprise, grows.

There are both positive examples of the adoption of progressive plans and also the practice of drawing up understated plans among the first enterprises that converted to leasing.

By 1 January 1990 some 1,300 industrial enterprises had converted to leasing and the volume of output in 1989 amounted to about 25 billion rubles. A positive result of their work is the substantial growth in the production of output and the improvement of contract discipline, especially with respect to the machine-building complex. Given an average growth in the production of industrial output of 1.7 percent during 1989, the growth amounted to 5.8 for these enterprises, including 3.2 and 10.7 percent respectively for the machine-building complex.

Planning of the activity of the enterprises under perestroika must take into account the conversion to such management forms as the formation of intersectoral state associations, concerns, economic associations, and consortiums. The principles of the planning of state enterprises indicated above are the starting point in the planning for all these new types of associations.

At the same time a number of special features also arise which result primarily from the escape of the indicated associations (as well as other subdivisions) from the structure of the ministries and departments. All the associations carry out their activity and determine the prospects for development on the basis of plans independently developed by the enterprises which make them up.

At the same time there is a connection between the planning of the enterprises and national planning. Its chief form is the retention of the state order with respect to production, capital construction and other indicators.

The targets of the state order addressed to the indicated new types of associations are included directly in the state plan formulated by USSR Gosplan and do not enter into the plans of the corresponding ministries and

departments. As a result the latter are deprived of the possibility of administratively influencing the formulation of the plans of the enterprises which have entered into these associations. Conditions are also created for the development of plans based primarily on an estimation of the orders of consumers and the needs of the population and on ensuring the proper production efficiency.

In our opinion, the planning and other organs of state control at this time do not pay proper attention, as a rule, to the criticism of understated plans which inflict substantial injury on the development of the national economy. Often, by way of justification, they allude to the overall complex situation in the national economy. However, with an insignificant increase in production, many enterprises in a branch for the most part overfulfill their understated plans.

The chief shortcomings of understated plans are in the incomplete utilization of production capacities and reserves for increasing production efficiency; a change for the worse in meeting the needs of related branches of the national economy and of the population, which contributes to the growth of shortages. Above-plan resources are often directed to secondary needs; an unfounded increase of the wage fund because of the payment of large bonuses connected with plan fulfillment and overfulfillment is permitted; planned payments to the state budget fall as a result.

Understated plans under conditions of an economy of scarcity are caused by the fact that for many enterprises the main sources for a wage increase and the improvement of social conditions for the collectives has become not the development and improvement of production but the sale of above-plan output, the use of contract prices, the conversion to an advantageous product assortment, etc. This indicates that the utilization by the enterprises of the broad rights granted to them often infringes upon the interests of society as a whole and conflicts with the implementation of the economic reform. Such plans in many instances are the result of the predominance of the group interests of enterprise collectives, largely reflecting the contradictions in the development of the Soviet economy which have developed.

The most important shortcoming of understated plans is in the violation of their basic goal—the mobilization of enterprise collectives for the development and improvement of production, meaning not only the quantitative growth of output but also the improvement of its quality, expansion of the product assortment, and an increase in production efficiency.

The targets of the state plan for the social and economic development of the USSR for 1990 put forward new demands on enterprise plans. For the first time in many years the plan projects a stabilization of the production of the means of production (0.5 percent growth) and at the same time a marked increase in production for a

number of basic branches producing consumer goods. These targets must be reflected in the plans of the enterprises.

Therefore it is natural that in certain branches and for many enterprises producing the means of production a reduction in the yield or production of individual types can be specified in the plans for 1990. However, the need for a further increase in the output of progressive types of ferrous metals, machinery and equipment, especially for the needs of technical re-tooling, and of a number of chemical and basic building materials is being kept.

The 1990 plan poses major tasks for the growth of production: 11 percent for the branches of light industry and 20 percent for the production of durable consumer goods.

The projected shifts in the structure of industry have found their expression already in the first quarter of 1990 when the production of group A products declined by 3.2 percent while group B output increased by 4.7 percent. However, the plans for the production of consumer goods were not fulfilled by many branches. Moreover the plans for 1990 with respect to the production of consumer goods adopted by the enterprises are 27 billion rubles less than envisaged by the state plan.

Fundamental changes in the entire planning system, including at the enterprise level, will occur during the forthcoming transition to a market-regulated economy. By and large this very complex problem as applied to contemporary conditions is still only being worked out and requires special scrutiny. One may express some preliminary thoughts about the most important directions and changes in enterprise plans. Instead of their being worked out under conditions, mainly, of administrative methods of control these plans will become an organic part of the market economy and will have to take into account, first of all, the demands put forward by the market. At the same time they can be utilized as one of the forms of exposing society to market processes in the interests of the entire country, its regions and the enterprise collectives.

Under the new conditions enterprise plans should contribute to the organization of their highly efficient operation, taking market requirements into account. A flexible planning system will be required which provides for the implementation of the most important measures for making new equipment operational, the production of progressive output at minimum costs, and the fulfillment of special-purpose programs for the fundamental technical re-tooling of enterprises, for the rationalization of labor and production control, social problems, etc.

Economic indicators and levers, which the reform of price formation and the introduction of a unified system of taxation, crediting and financing will contribute to, will become the center of gravity in the plans. Elimination of the tutelage of higher organs ought to contribute to the emergence of genuine independence and the

self-interest of the enterprises in the maximum utilization of all resources, increased labor productivity and reduced product cost. Implementation of measures to eliminate monopolism and to develop the competition of domestic enterprises of various forms of ownership and foreign firms, is of the greatest importance. At the same time enterprise plans should take into account national and regional interests and strategic goals for the country's development expressed in social and scientific-technical programs and programs for the development of the infrastructure and environmental protection, in state orders, etc.

All this should contribute to the development by the enterprises of progressive plans which take into account the requirements of the market and of competition and provide for steady economic and social development. The basic provisions concerning planning under market economy conditions stem from the new USSR Law "On Enterprises in the USSR."

Planning under market economy conditions is called for in the development of the plan for 1991. In accordance with the government's decision, enterprises and organizations must develop their own plan based on the economic conditions of operation in 1991. In order to do this they must take into account changes in the forms of ownership and management, new prices and rates, depreciation allowance norms, taxation rates, changes in the system of financing and crediting and in the conditions of foreign economic settlements. This will permit the enterprises to take the new economic relationships with the state, suppliers, and consumers into account in the plans and to determine the most efficient production structure. The reform of economic relationships should strengthen the interest of enterprises and associations in the production of higher quality products and services with the least costs and in the fuller and more efficient utilization of enterprise production capacities. An optimal combination of the growth of workers wages and improvement of social and cultural conditions with the further technical improvement of production needs to be secured.

All this creates the conditions for overcoming the practice of developing understated plans so as to use them in every possible way to mobilize enterprise collectives for highly efficient work.

Analysis of enterprise plans is an important condition for raising the quality of planning. Branch administrative organs should pay greater attention to cases of the development by enterprises of obviously understated plans which do not correspond to the needs of the national economy and to the tasks of increasing production efficiency.

In the transition to the economic independence of the union republics and the transfer of the majority of branches, especially those producing goods for the population, to their subordination, the coordination of the plans of the enterprises of these branches will be carried

out by the republics or local soviets of peoples' deputies. Moreover, the question should be not about the limitation of the rights of enterprises with respect to the independent development of plans but about their analysis from the viewpoint of conformity to national and regional interests.

One should especially speak about the position occupied by USSR Gosplan with respect to the development of plans by enterprises. Its control in this sphere is confined, as a rule, to the consolidated indicators included in the state order for ministries, departments, and union republics with respect to production, capital construction and other indicators. Specific problems related to enterprise plans occur only in instances of major disagreements with respect to individual especially important state orders.

Planning organs at all levels—in the center, the union republics, in krais and oblasts—as a rule have kept from analyzing the planning of economic indicators by the enterprises. Moreover it is a question of such basic indicators as labor productivity, the wage fund, and profit on which the most important proportions in the distribution of national income and of the expenditures and revenues of the state and the population depend.

A slackening of methodological work on the part of the planning organs has been observed in recent times. In the seventies and eighties USSR Gosplan systematically worked up methodological instructions for the development of state plans for the economic and social development of the USSR, including those intended for enterprises. In spite of the fundamental changes in planning conditions, such materials are no longer being published although the need for them has grown.

At the present time it is especially important to work out general regulations of a recommendatory character with respect to the organization and methods of planning both for the national economy as whole and on the enterprise level.

Moreover, the special features of planning as applied to the various types of ownership, the development of market relationships, the various forms of enterprise management, etc., will have to be taken into account. Such materials would be of great help to the enterprises in the analysis of economic activity and the choice of the most effective means for their further development.

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Economic Performance During 12th FYP Appraised
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[Article by V. Volkov, USSR Gosplan sub-department deputy chief: "The Country's Socio-Economic Development in the XII Five-Year Plan"]

[Text] The 12th five-year plan differs in many respects from the previous one, which has been brought about by

the conversion of entire sectors to the new economic management conditions. This requires a fundamental change in the nature of the analysis of the course of the implementation of five-year and annual socio-economic development plans.

With the conversion to primarily economic methods of management, the expansion of the economic independence of enterprises and the switching of the center's attention from specific and current problems to the solution of the key tasks of economic development, the analysis being carried out in USSR Gosplan [State Planning Committee] is beginning to be concentrated on a narrower group of indicators. The question is one, first of all, of the characteristics of the most important ultimate socio-economic results and of the efficiency of social production, as well as of securing their achievement of national-economic, intersectorial and regional proportions.

The main idea, to the realization of which analysis is directed under these conditions, lies in the implementation of an integral reproduction approach (*tselostnyy vosproizvodstvennyy podkhod*) to economic development. Its essence is that the study of specific economic characteristics is conducted from the viewpoint of their influence on the results of the reproduction of the national economy as an unit and the dependence of individual processes in the economy is analyzed by the reproduction proportions on the national-economic level. Moreover, it is necessary not simply to record phenomena which have already occurred, but on the basis of their thorough analysis to ensure the anticipatory character of the analysis for the adoption of effective controlling actions.

Study of the socio-economic development for the period of the 12th five-year plan which has passed first of all requires analysis of the aggregate process of socialist reproduction: macroeconomic rates, proportions and efficiency. One needs to bear in mind the fact that in the course of the implementation of a five-year plan objective circumstances inevitably occur which could not have been taken into account when it was put together. For the present five-year plan, for example, these are such things as: the sharp drop of world prices for the basic commodities delivered for export and, conversely, the increase for the products the country traditionally imports, which led to a definite shrinkage of foreign-exchange receipts; the earthquake in Armenia; the clashes between nationalities and strikes which were quite appreciable in their economic consequences. At the same time there have also been favorable circumstances, in particular the relatively warm winters in the past three years which contributed to a reduction in fuel expenditure.

Therefore study of the reproduction process does not presuppose the need for the scrupulous recording of the divergences between the actual and planned values of indicators.

The chief thing in the analysis, in our opinion, is in the evaluation of the degree of realization of the basic design of the five-year plan and of its general economic concept.

Let us examine the dynamics of the overall indicators of the socio-economic development of the country, which are characterized by the average annual rates of growth to the actual base (Table 1).

Table 1

	1981-1985, report	1986-1989 according to the five-year plan	1986-1989, report
Gross national product	3.7	—	4.0
Produced national income	3.2	4.2	2.8
National income utilized for consumption and accumulation	2.9	4.0	2.8
Including:			
resources for current consumption and non-production construction	2.9	3.5	3.3
resources for expanded reproduction and other types of accumulation	2.6	0.0	0.6
Industrial output	3.6	4.5	3.4
Including:			
group "A"	3.6	4.4	3.2
group "B"	3.7	4.8	4.2
Agricultural output (based on average annual production)	1.0	3.1	2.4
Productivity of social labor	2.7	4.1	2.8
Material intensity of the social product (minus depreciation)	-0.4	-0.8	-0.4

In the analysis of the data cited the following two circumstances attract attention. First of all, it is even not so much the low dynamics of the overall volume indicators that causes alarm as the lack of appreciable positive shifts in the efficiency of the national economy, which confirms the complexity of the situation and the crisis elements in the economy. Secondly, while the overall indicators having a social direction (resources for current consumption and non-production construction as well as for group "B" of industry) were relatively favorable, the rates of growth of resources for expanded reproduction and other forms of accumulation fell sharply. As a result, the share of resources directed for current consumption and non-production construction in the structure of utilized national income increased in 1989 to 82.5% as compared to 80.9 in 1985 and 77.8% according to the five-year plan estimates. In other words, the intensification of the social orientation of the national economy in the current five-year plan has been achieved largely through the redistribution of resources in favor of the social sphere.

The entire aggregate of the exacerbated economic, social and political factors and the inadequate attention to the solution of these problems in the past result in the need for a further increase in the share under consideration. However, the opportunities for such a structural maneuver are ever more rapidly approaching the limit determined by the requirements of expanded reproduction and the need for a significant acceleration of the modernization of the country's production apparatus. Let us note that in recent years the entire growth of the national income has been directed to increasing the

current consumption and non-production construction fund, as a result of which a reduction not only of the share of the expanded reproduction fund in national income but also of its absolute amount has begun. In addition, given the substantial subsidies in giving the population a broad range of services and goods, the carrying out of such a maneuver without the requisite shifts in the efficiency of social production appreciably increases the burden on the state budget and contributes to the development of inflationary tendencies. Consequently, an increase in economic efficiency must become an ever more appreciable factor in the real growth of the people's well-being.

Analysis of the structure of the accumulation fund of the national income reveals an increase in the share of the accumulation of stocks of physical assets which have reached economically unjustified amounts, primarily because of the substantial growth of the accumulation of unfinished construction. The sharp increase of this share in the last two years, which reflects the build-up of the process of the unbalancing of the physical and financial proportions in the sphere of material production, is characteristic. At the same time the negative tendency of the decline of stocks in trade as a result of the extremely critical situation in the consumer market attracts attention. It needs to be said that the easiest way, under conditions of a commodity shortage, of "mending the holes" by bringing in retail trade stocks is becoming more and more dangerous: as of 1 January 1990 they were already almost 11 billion rubles, or 16%, short of the norm.

Special attention should be given to an examination of the course of the country's social development, since it is precisely in this sphere that results, which are the ultimate goal of economic growth and simultaneously a factor of no small importance in it, are realized. Study of these processes in the present five-year plan, and primarily those related to the public's consumption of the necessities of life, indicate their ambiguous and contradictory character. In many respects this is an expression

of those changes in reproduction proportions in the direction of the social reorientation of the economy and of the factors causing them which were described above.

On the one hand there are real positive results—the level of the average per capita consumption of the necessities of life somewhat approximates rational norms with respect to the majority of the most important types of goods (Table 2).

Table 2

Indicators	1985	1988	Recommended rational consumption norms
The population's consumption of basic food products (per capita per year)			
Meat and meat products (in meat equivalent), kg	62	66	70
Milk and dairy products (in milk equivalent), kg	325	356	360
Eggs, units	260	275	280
Vegetable oil, kg	9.7	10.1	13
Fruits and berries, kg	48	55	80
The population's consumption of basic non-food goods (per capita per year)			
Fabrics and garments (in fabric equivalent), m ²	37.1	37.1	49.8
Knitted goods, units	6.8	7.3	13.4
Shoes, pairs	3.2	3.3	4.25
Supplying of the population with basic durable goods (per 100 families), units			
Television sets	97	103	160
including colored picture	26	34	105
Household refrigerators and freezers	91	92	140
Washing machines	70	70	95
Electric vacuum cleaners	39	44	80
Automobiles	15	17	50

Let us note also that the degree of the satisfaction of the population's need for paid services as compared to rational normatives increased from 29.6% in 1985 to 41% and the provision of housing per inhabitant increased during the indicated period from 14.6 m² to 15.8 m².

A major spurt in strengthening the material-technical base of the social and cultural sphere, without analogs in the past, has been accomplished. The average annual commissioning of pre-school institutions grew by 10.7% in comparison with the average annual commissioning in the 11th five-year plan, of general education schools—41.7, clubs and houses of culture—approximately 52, hospitals—15, and dispensaries and polyclinics—41%.

On the other hand, the accelerated development of the social sphere while the growth of the efficiency of social production was poor and the serious shortcomings in the economic mechanism has caused an increase in the amount of money in circulation. The imbalance of consumer demand and of the possibilities for covering it

with goods increased sharply as a consequence. Suffice it to say that the monetary incomes of the population increased by 32.7% in the 1986-1989 period while expenditures for goods and services increased only by 23.9%.

The basic direct cause for so rapid a growth of the population's monetary funds is the separation of the payment of labor from its results. The paradox lies in the ever greater increase of this separation as a distributive policy having directly contradictory goals (the stimulation of efficient and high-quality labor and the decisive eradication of wage levelling) is being carried out. Here the influence of the lack of development of the economic mechanism comes through quite clearly. The point is that while there has been a significant expansion of the independence of enterprises in the field of financial and distributive relationships the development of methods for regulating the production process adequate to the new management conditions has lagged noticeably. The development and adjustment of an efficient system for the interrelations of the state and the participants in the

economic process, based on economic methods of controlling their activity, primarily tax and financial and credit methods, is becoming an ever more urgent task.

The lack of balance in the supply and demand of goods and services leads, in the first place, to an increase in prices in one form or another and, secondly, to such phenomena as an increase in the degree of shortage of goods, the speculative character of the demand for them, and the development of a shadow economy. According to the results of a survey done by VNIKS (All-Union Scientific-Research Institute for the Study of the Population's Demand for Consumer Goods and Trade Conditions), 1150 of 1200 assortment groups of goods, or 96%, had become scarce by the end of 1989.

Along with the analysis of the population's consumption of the necessities of life, study of the social aspects of labor, which exert a decisive influence on a person's social satisfaction, is of great importance.

In the broad spectrum of these problems, questions of the employment of the population are especially urgent. Marked changes are taking place in the structure of employment in the current five-year plan. The redistribution of the labor force by branches of the national economy and regions of the country is intensifying in connection with the introduction of new methods of management and the structural perestroika of production. In 1989 the share of those working in the production sphere declined from 73.2 to 72.3% in comparison with 1985, while in the non-production sphere it grew from 26.8 to 27.7%. Changes in property relations are beginning to exert a significant influence on the redistribution processes. A fundamentally new factor is the substantial development of the cooperative sector which already unites 2.9 million persons (not counting moonlighters). Further movement in this direction—the conversion to a regulated market economy—will inevitably lead to situations when the supply of manpower will begin to exceed the demand for it. In my opinion, the existing system for the job placement of laid-off workers is poorly prepared for this. It is also necessary to take into account the great differences in the regional structure of employment and the presence of significant manpower reserves in a number of the country's regions. According to available estimates, the number of the able-bodied population needing job placement, even without counting refugees, amounts to more than 1.2 million persons calculated on an average annual basis, including more than 400,000 in the Uzbek SSR, more than 300,000 in the Azerbaijan SSR, and about 200,000 in the RSFSR and the Tajik SSR.

All this gives rise to the need to accelerate the development of an employment program, having provided in it for the solution of questions of assisting the population in its finding of employment, vocational training and the retraining of laid-off workers.

Study of the ecological situation in the country as an important "social component" influencing the conditions of people's active life attests to unremitting strain and in a number of regions—to a crisis situation in this sphere. The country is noticeably inferior with respect to many characteristics to the economically developed states which use no-waste technologies and produce ecologically clean output. Therefore the public's anxiety is quite valid. At the same time, the increasing tendency in which republic and local government bodies close existing production units on the basis of ecological considerations cannot help but be disturbing. This leads to serious difficulties in the national economy and is reflected in economic growth and, in the final analysis, in the living standard of the people. A characteristic example is the pronounced worsening of the shortage of basic medicines at the beginning of 1990. Undoubtedly, it would be more correct to concentrate efforts on the implementation of environmental protection measures and on bringing production units into compliance with existing norms.

The dynamics of the indicators which characterize the reproduction process result from the available production and resource potential of the economy and the efficiency of its utilization and the degree of intensification of social production. Analysis of the first of these two aspects indicates that although the country's production potential with respect to its quantitative indicators occupies one of the leading places in the world, its qualitative characteristics are substantially worse. Primarily this has to do with such an important component of the productive forces as the means of labor. The fact that the rates of the retirement of fixed production capital, and primarily its active portion, are significantly lower than the rates which correspond to the normative depreciation time periods attracts attention. In industry, for example, one should annually replace up to 4% of the amount of equipment on hand in value terms, or 1.4 times more than has actually been done in the current five-year plan. The process of the aging of the stock of machinery and equipment and the growth of the degree of their depreciation continues as a result. At the end of 1988 equipment in industry 20 and more years old constituted 11.8% and that 10 to 20 years old 24.1% of the total value of the stock. Such an age structure, considering the serious irregularities in equipment operation and the wasteful attitude towards it, indicates not only its obsolescence but also that in many instances it is physically worn out. The enormous scales of capital repair which absorb a considerable portion of the funds directed to the technical retooling and modernization of the production potential also confirm the latter. Consequently, accelerated replacement of out of date equipment is becoming ever more necessary. This question is especially critical for electric power engineering, ferrous metallurgy, the chemical industry and the processing sectors of the agro-industrial complex, which are characterized by a high degree of equipment wear and obsolescence.

The technical and economic level of the newly commissioned fixed production capital, especially its active portion, is of fundamental importance. It would appear that one may consider the 12th five-year plan successful from this point of view: the modernization of machine-building output has been appreciably accelerated and constituted 13.1% in 1989 as against 3.1% in 1985. However, one can regard these achievements of domestic machine-building as being more than modest. For example, a survey conducted by the USSR State Committee for Statistics in 1988 indicated that only 6% of the new machinery and equipment in the machine-building complex mastered by production exceeded world analogs on the basis of their characteristics, which is confirmed by the comparatively low competitiveness of this output on the external market. In other words, a shortage of progressive, highly productive equipment is being especially sharply felt at the present moment while there is an overaccumulation of obsolete means of labor. If one doesn't succeed in concentrating the efforts of the machine-building and other national-economic complexes and of scientific and planning and design organizations on the "break-through" directions of scientific and technical progress, reproduction will be accomplished on an old technical and technological base and the most important tasks related to a radical change in economic efficiency will not be resolved. **An important role here should be assigned to the conversion of the defense complex, but only provided that the focusing of its production and scientific-technical potential be not on individual, sometimes technically simple, types of civilian output but on the creation of finished efficient technical and technological systems.**

While not dwelling on the status of other elements of the productive forces, let us note that what has been said above concerning their qualitative characteristics can largely be applied to the objects of labor (primarily structural materials), and to the production infrastructure and technical equipping of science (the latter, besides, is extremely deficient with respect to quantity). There are serious problems related to the qualitative make-up of the labor resources, which the extremely high share of unskilled and poorly skilled workers indicates.

The condition of the production apparatus in many respects is responsible for the lack of tangible improvements in increasing the intensification of social production and in improving the utilization of labor and material resources. And it is no surprise that the role of social and economic factors (the basic one of which has been the conversion of enterprises of the branches of the production sphere to the new conditions of paying labor from funds earned by them and saved from a reduction in the number of workers) has increased substantially in ensuring the growth of labor productivity. At the same time, the factors of scientific-technical progress are insufficiently equipped to improve the utilization of labor potential and inputs of manual labor are declining extremely slowly. During the period 1986-1989 only 3.2 million workers engaged in manual labor, or 25% less

than provided for by the five-year plan estimates, were released from the sphere of material production. Every third worker in industry and every second one in construction works by hand.

As far as the reasons for the low efficiency of the utilization of material resources are concerned, an itemization of the latter by their basic groups is required. In the process the varying measure of the influence of the efficiency of the utilization of specific types of resources on the degree of the intensification of the economy, which is due to existing interrelationships among the branches, should be taken into account. As a study carried out on the basis of the intersectorial balance indicates, of the processes occurring in the structure of intersectorial relations, the dynamics of the metal content of the output produced exerts the most important influence on the material intensity of social production in the 12th five-year plan. The average annual rate of decrease of the metal content of the national income during 1986-1989 amounted to 1.7% in comparison with 2.75 according to the five-year plan estimates and 1.9% in the 11th five-year plan, which in many respects is a consequence of the extremely slow progressive shifts in the structure of metallurgical production. Thus, the share of rolled sheet and rolled products made from low-alloy steel and with hardening heat treatment in the total output of finished rolled products remains low. The method of the continuous casting of billets, which permits one to save up to 15% of the metal in rolled products production and to save a significant amount of energy resources, as well as to reduce labor costs and to shorten the technological cycle, is being introduced slowly. A reorientation to the production and use in the national economy of plastics, composites and other progressive structural materials must become the fundamental tendency, without whose implementation one cannot count on a fundamental turning point in resource conservation. For the present their output is so small that it essentially does not influence the economy.

The level of the energy content of social production, which remains high, exerts a marked unfavorable influence on efficiency dynamics. Report data indicate that there have been no tangible positive moves in this direction: the energy content of national income in the period being studied dropped by 0.9% on the average per year as against 1.9 according to the five-year plan estimates and 0.8% in the last five-year plan. The basic causes of the low efficiency of the utilization of fuel and energy resources are the extremely small positive moves both in the introduction of resource conservation technologies by the users of these resources and in the structure of the fuel and energy complex itself. The enormous losses of fuel and energy in housing and public utilities, the largest user of these resources (moreover developing dynamically in connection with the increasing scales of housing construction) are of considerable importance. According to estimates of the Central Mathematical Economics Institute of the USSR Academy of Sciences, 10-15% of the thermal energy

supplied for the needs of this sphere is lost due to the poor thermal insulation of the systems and the low quality of pipe butt joints and another 20% in buildings.

An important factor influencing ultimate socio-economic results and efficiency is the **structure of social production**, primarily the proportions between the national economic complexes and the branches included in them.

The high metal content and energy content of production which has been noted predetermines the unfavorable character of the relation between the production volumes of the processing and fuel and raw material branches of industry, reflecting the degree to which the final results of production exceed the intermediate. During the years 1986-1989 it amounted to 1.6 times which is not only lower than envisaged by the five-year plan estimates (2.2 times) but is also worse than that achieved in the 11th five-year plan (2 times). In other words, the **excessively developed and ruinous for the economy demand for fuel and raw material resources is being reproduced on ever greater scales. This once more confirms the urgent need to adopt effective measures for the introduction of resource conserving technologies by enterprises and to carry out an appropriate state tax, credit and depreciation policy.**

Other structural shifts envisaged in the five-year plan estimates also have not been fully implemented. Although the development of machine-building is proceeding more dynamically than that for industry as a whole, its lead is less than what was envisaged for 1986-1989 by the five-year plan. Moreover, in electrical engineering the average annual rates of growth increased from 4.2% in the 11th five-year plan all told to 5.4% during 1986-1989 and in instrument-making—from 8.9 to 9%, while in machine-tool building they even dropped from 5.8 to 5.3%, as a result of which the scales for acceleration of the development of these priority industries projected by the five-year plan estimates have not been achieved. Progressive structural changes within other national economic complexes are also proceeding slowly, especially in the introduction of progressive base technologies, which in the final analysis also is responsible for the low efficiency of social production. The situation in this direction in the metallurgical complex is typical also for the majority of such technologies.

An important indicator of the situation in the national economy and of the practicability of filling out the rates of socio-economic development is the state of finances. This dictates the need to study the **material and financial balance of the economy and the country's financial position.**

The data for the period of the 12th five-year plan that has elapsed indicate a deterioration of the situation in this sphere. This primarily concerns the state budget. The country continued to live beyond its means; the growth of state expenditures during 1986-1989 amounted to 25% while revenues only increased 7%. Of

course, such factors for reducing budget receipts as the changed conditions on the world market and the significant reduction of the turnover tax in the first two years of the five-year plan connected, specifically, with a decrease in the production of wine and vodka, also had an effect. Substantial expenditures have been required for eliminating the consequences of a number of major accidents and natural calamities. However, it appears that the basic reasons for the growth of the budget deficit are the following: the extremely low efficiency of social production; the enormous scales of unproductive expenditures and losses; the necessary, but not supported by the required growth in the efficiency of the national economy, social reorientation of the economy; serious failures in the functioning of the economic mechanism. As a result the state budget deficit increased to 92 billion rubles in 1989 and reached 10% of the gross national product. True, the fact that this amount is almost 29 billion rubles less than was originally planned for 1989 is somewhat reassuring.

Simultaneously with the growth of the budget deficit, the practice of covering it by drawing on the assets of the national loan fund, whose share in the budget amounts to almost 20%, has become ever more wide-spread. If one further considers the enormous amounts of the practically hopeless debts of agriculture from loans (part of which it has already been decided to write off), the mobility losses of this fund and the serious distortion of the entire system of credit relations become obvious.

Financial and monetary relations in the sphere of material production are developing unsatisfactorily. The financial resources of enterprises increased by 23.6% during 1986-1988 while the volume of the production of the means of production, taking exports and imports into account, grew by 9.8%; moreover, this lead occurred most appreciably in 1987-1988. As a result the volume of production of the means of production per ruble of enterprise financial resources decreased from 0.96 rubles in 1985 to 0.85 rubles in 1988. The imbalance noted leads, on the one hand, to a increase in prices (especially in machine-building which is characterized by the great variety of the products produced), and on the other, to an increasing shortage of the means of production, the urge of the enterprises to get rid of money and to invest it in all forms of material resources and in new construction.

The imbalance of the state budget and the disturbance of the equilibrium between goods and money has resulted in the growth of the emission of money, which amounted to more than 18 billion rubles in 1989 as against 4 billion rubles in 1985, and the disruption of currency circulation. Based on the results for 1989, the USSR State Committee for Statistics has, for the first time, conducted a survey related to the change in consumer prices and the hidden inflation due to the increase during the year of the amount of postponed demand. According to its estimate, the scale of inflation amounted to 7.5% in 1989, including the growth of consumer prices (not counting changes connected with an improvement in the

quality of goods)—2 and hidden inflation—5.5%. In other words, at present the processes related to the devaluation of money due to the shortage of goods is proceeding more dynamically than the increase in prices.

Analysis of the macroeconomic level and the sectorial breakdown of the national economy needs to be supplemented by a study of the **interregional proportions of socio-economic development**, examining the special features of the manifestaticⁿ of the general tendencies of development in individual regions.

USSR State Committee for Statistics data indicate that a substantial differentiation in the social development of the union republics remains and that a number of regions, especially of the republics of Central Asia and the Transcaucasus (with the exception of Georgia), lag behind.

Frequently differences in the social development of regions are associated with the degree of differentiation of the results of social production, primarily with respect to such overall indicators as per capita produced national income and labor productivity. In our opinion the relationship here is far from clear. The point is that given the division of labor within the Union and the broad scales of the reciprocal exchange of products and goods among the union republics, the specific features in the production structure in individual regions relating to the relationships of the fuel and raw material and processing branches, the shares of the turnover tax, etc., exert a substantial influence on the indicator data. The serious disproportions in the system of internal prices, which leads to significant distortions of the actual results of social production in the regions, should also be taken into account.

Therefore a more profound analysis of the dependence of the level of the population's well-being and of the economic growth of the union republics on the ultimate results of their economic activity and contribution to the country's development is needed.

Study of the country's participation in the international division of labor is important since, first of all, foreign economic relations are a significant factor influencing the dynamics, structure and efficiency of social production and, secondly, the position of the USSR in the world market for goods and services reflects the state of the country's economy to a certain extent.

In this connection the fact that the distorted nature of the structure of Soviet export, with the predominance in it of fuels and raw materials, principally energy carriers, has not been overcome in the current five-year plan attracts attention. The share of this group amounts to about two-thirds of the total export volume at present.

Branches producing output with a high degree of processing, primarily machine-building, are manifestly inadequately represented in the external market. Thus, in the USSR's exports to the industrially developed capitalist countries, from the trade with which the

country obtains the basic amount of freely convertible foreign exchange, machinery and equipment account for only 3%. Moreover, about 70% of the export of the machine-building complex for freely convertible foreign exchange is the output of motor vehicle and agricultural machine building while the share of machine-tool building, the electrical engineering industry and instrument-making is only 19%. The basic causes of the existing situation, apart from the lack of correspondence of the technical level and quality of machine-building output to the requirements of the world market, are the serious shortcomings in the organization of the servicing of customers by firms, including the supplying of spare parts.

The structure of imports, which continue to be used to a significant degree as a balancing medium for solution of current socio-economic problems and moderation of development disproportions, is changing slowly. This primarily concerns imports of foodstuffs and grains which have achieved such dimensions that it is becoming impracticable to compensate for the lag in the internal production of these goods behind the country's needs further through this means. Thus, during the years 1986-1989 in the USSR imports covered on the average for a year 16% of the overall consumption of animal oil, 19—of vegetable food oil, 14—of grain, 6%—of meat products, etc. The importation of those types of products of the metallurgical and wood chemistry complexes, for increasing whose production the USSR has objective prerequisites, is also great. Correction of this situation is linked with the effectiveness of the measures being developed to provide economic incentives (including foreign exchange incentives) for the production of import-replacing products.

The complex economic situation in the country and its position in the world market and the serious shortcomings in the system of the organization and control of foreign economic activity are responsible for the growth in the foreign debt of the USSR, especially in freely convertible foreign exchange.

Problems of **improvement of the economic mechanism** from the point of view of its effect on the ultimate socio-economic results and efficiency of the national economy are the subject of a special study. The contradictory character of the development of economic reform in the current five-year plan needs to be noted. First of all, it would be incorrect to underestimate the practical work on a fundamental perestroika of the methods of managing the national economy carried out in this period. The conversion of enterprises of all branches of the economy to the new management conditions has been completed. A form of economic accountability based on the normative distribution of income and leasing are being developed. Steps have been taken to repudiate administrative-command methods through changing the structure of administration, the merger and abolition of a number of ministries, and the

transfer of many functions from the center to the localities. Laws on property, land, leasing and other legislative acts have been developed and adopted by the USSR Supreme Soviet.

At the same time, the existing economic mechanism has not contributed to getting the country's economy out of a complicated situation. And what is more, new factors intensifying the instability of the national economy have begun to develop. The basic causes are the unintegrated character of the conduct of the reform, the significant discrepancies in the elements of the economic mechanism introduced, and the sluggish accomplishment of the necessary perestroika of price determination, material-technical supply and financial and credit relationships.

Such contradictory combinations as, on the one hand, the rejection of administrative pressure and the strict regulation of economic life and, on the other, the lack of development of economic regulators, the breaking off of existing economic relations between enterprises and at the same time the absence of their economic responsibility for the independent sale of output under conditions in which demand drastically exceeds supply, etc., are characteristic for the present situation. In other words, the old and new forms of management co-exist, mutually weakening each other. **The way out of the situation which has been created is to be seen only in the intensification and radicalization of the economic reform.**

As is well known, the second USSR Congress of People's Deputies supported the measures proposed in the government program for improving the economy which were prepared on the basis of a thorough analysis of the main problems and the destabilizing factors in the national economy. The goal of such a program is the eradication of the situation which has developed in the economy, its development into a regime that functions normally and the implementation on this basis of fundamental transformations of the entire economic system, and the establishment of a socialist market with the simultaneous adjustment of the instruments for its realization.

At the same time the beginning of 1990 has not brought about a radical change in the socio-economic development of the country; the growth of negative tendencies has even intensified. A slump in social production took place in January-March of this year, primarily due to the substantial losses of work time caused by the strikes and inter-nationality conflicts in the number of the country's regions, as well as by the closing or suspension of the activity of enterprises for ecological reasons. The gross national product dropped by 1% compared with the corresponding period of last year and produced national income by 2%.

At the same time the growth of state budget expenditures still outstrips that of its revenues and the growth of wages

outstrips that of productivity. The population's distrust of the "ruble" and rush to convert money into real assets is increasing.

The growth of prices for consumer goods continues. According to the estimates of the USSR State Committee for Statistics, the index of retail prices increased by 2.6% in January-March of this year; taking unsatisfied demand (hidden inflation) into account, the scale of inflation in the consumer sector amounted to about 8%.

The not so simple situation with the implementation of the government's program and the complex socio-economic environment in the country has brought about the need to advance the time periods as well as to make the projected stages for the implementation of the economic reform more precise and, first of all, to accelerate the movement to a mechanism for regulation of the market economy. The intention is to put the measures for converting to market relationships initially projected for 1993 into effect during 1990-1991.

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INVESTMENT, PRICES, BUDGET, FINANCE

Finance Ministry Accused of Deceptive Accounting, Understating Deficit

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[Article by B. Sergeyev, candidate of economic sciences: "Man Walks as the Master"]

[Text] B. Sergeyev, candidate of economic sciences, tells how the USSR Ministry of Finance is misleading the people's deputies.

At one time, the lines of a well-known song spread all over the world: "Man walks as the master of his immense homeland." These words very accurately characterize the position of man in our society...by the word "as." Where will you find a country in which a people's deputy, speaking from the rostrum of the highest body of state power, would be forced to use foreign data to characterize state budget expenditures. Even a working group created by a presidential decree for developing a state program for transition to a market economy did not receive the necessary information from the departments. And this, in the words of B. Yeltsin, is with the head of the state monitoring its work on a daily basis. Apparently, the departments—exclusive holders of the information—have something to hide...

Thoughts and Conjectures

Traditionally, it was customary to believe that the section on foreign economic ties was one of the successful ones in our state budget. The plan for 1990 called for spending just over 26 billion rubles of budget funds for

financing them, which would ensure revenues on the order of 58 billion rubles. In other words, 1 ruble of spending would return 2.25 rubles in revenue. However, it is usually not reported what makes up this "success." Let us look at a few examples.

Energy resources account for the greatest percentage in USSR exports—more than 50 percent. Petroleum accounts for the largest share. Its domestic price is 30 rubles per ton. The average export price in 1989 was just over 100 rubles. Such a gap ensures an extremely high effectiveness of exporting "black gold" and at the same time explains its high ranking in exports.

With a total volume of crude oil exports alone of 127 million tons, budget revenues amount to 8.9 billion rubles. Considerable revenues from exporting petroleum products and gas should also be added to this amount. However, at the expense of what are we able to maintain such a high gap in prices and the considerable level of state budget revenues? After all, it is known that the labor productivity of our oil workers is several times less than that of American oil workers. Is that not because about 200,000 oil workers of Tyumen do not have well-equipped housing? Many live in gullies, that is, in wooden sheds, and one out of every five does not receive full medical service. It is known that beginning in 1991, one of the variants of reform calls for increasing domestic oil prices to 70 rubles per ton; however, this will "eat up" a considerable portion of the budget revenues.

Purchases of consumer goods are the largest item of revenue from imports. Although they occupy a small place in imports, especially from developed capitalist countries, the difference in prices makes it possible not only to cover less profitable and sometimes unprofitable, from the budget standpoint, purchases of equipment but also to bring in considerable revenue.

Thus, the profitability of foreign economic ties is quite relative from the budget standpoint. A considerable portion of it is supported by the Soviet family budget: a 10- to 15-fold overstating of prices for oranges, grapefruits, tape recorders, coffee, and other consumer goods, which cost next to nothing on the world market. If family expenditures were brought in line with world norms, the state budget would simply go broke.

"Little Tricks" of the Ministry of Finance

The inclusion of a revenue item for credits from foreign sources in the revenue portion of the budget is causing great doubt. This money is borrowed to cover the deficit, just like a three-ruble note taken before payday. It is not income, but only a loan—it must be repaid.

The government did a similar "accounting trick" with the state loan fund, that is, credits of the Gosbank, including them as budget revenues and thus reducing the size of its deficit by two-thirds. It took scientists almost one year to uncover the deception with domestic credits, and here the foreign credits remained outside of their

field of attention. According to data of the journal *KOMMUNIST*, during the past year they amounted to 10-12 billion rubles. The deficit should be increased by that amount.

However, the "tricks" do not end with this. In our budget, expenditures and revenues, be they in currency or rubles, are lumped together and added. But after all, everyone knows that the official rate of exchange at which currency is converted into rubles is far from reality. The non-commercial rate of exchange for exchanging currency is immediately reduced to one-tenth. At currency auctions, more than 30 rubles are given for 1 currency ruble. If this is the case, the total size of the deficit should at a minimum be doubled. As a result, it will exceed 20 percent of the GNP. For comparison, we will note that in the United States it is 3 percent, and this is with broad development of a securities market in which it is easy to sell government promissory notes and thus cover the deficit. So those who contend that we are on the brink of economic disaster are brightening up the situation; we have been there for a long time.

Recognizing that the ruble's current rate of exchange is unrealistic also means reassessing the cost of foreign borrowing. According to calculations, this year the state budget has to pay 6.2 billion rubles in basic debt and interest, or 1.3 percent of the expenditure portion of the budget. But this is if you calculate according to the official rate of exchange. But, for example, if you calculate according to the consumer market ratio which is approximately 1 to 10, the portion of the expenditures for payment of loans will correspond to the defense spending and is only slightly under the appropriations for social insurance and security. Despite the numerous statements by the head of government about the refusal to increase foreign debt, it is growing rapidly, and the amounts spent on paying it off increased by 60 percent in the last 3 years.

We Are Not in America

There is even more secrecy associated with items for foreign aid. In an interview with the newspaper *TRUD* (21 January 1990), N.I. Ryzhkov noted that the parliament had approved foreign aid in the amount of 9.7 billion rubles. In reality, this figure contains only the amounts of state credits and gratuitous aid. Besides many other indicators, it does not include the many millions in benefits granted in the form of discounts and markups on export and import prices, for example, when selling oil to Cuba and buying oranges from it or the preferential transportation rates granted not only to developing countries but also to both former and current socialist countries. Hence, one can conclude that the overall amount of aid is substantially higher than the amount stated.

Despite the desire of the people's deputies to reduce the amount of aid, it will grow, apart from our wishes. The point is that approximately half of the 85 billion in

credits granted by the Soviet Union is classified as "questionable indebtedness," that is, they are not likely to be repaid. Therefore, the USSR will have to allocate funds to finance this indebtedness.

Such is a far from complete list of questions for only one budget section. But it does make it possible to ask a question: "What are the deputies voting for?" Why does not the government bear responsibility for misinforming the parliament? In any civilized country this would mean the immediate retirement and a trial. In the United States, for example, the administration's financial transactions bypassing Congress led to the judicial investigation of the "Iran-Contra" affair and almost cost the resignation of R. Reagan. But we are not in America. In the fifth year of glasnost, on the threshold of a market economy, we still do not have a realistic picture of the depth of the financial crisis in which we have found ourselves.

Among the many legislative acts which we need to pass, one of the most important ones is a law on informing deputies. Without accurate data, the transition to a market will become just another myth of the bureaucrats.

	1985	1986	1987	1988	1989 (plan)	1990 (plan)
Revenues—total	390.6	419.5	435.5	469.0	458.4	429.9
Funds borrowed from the statewide loan fund to make up the difference by which expenditures exceed revenues	18.0	47.9	57.1	90.1	63.4	—
Expenditures—total	386.5	417.1	430.9	459.5	494.8	489.9
Budget deficit	13.9	45.5	52.5	80.6	99.8	60.0

Even though the budget deficit grew rapidly in the period 1986-1989, there was still a desire to conceal its true size and, what is more, create a picture of apparent soundness in which the revenues of the state exceed expenditures, indeed by constantly growing amounts. Until the October (1988) session of the USSR Supreme Soviet there was never even any mention of a deficit in the state budget, although it has been chronically persistent over many decades. Over the last 5 years the situation has deteriorated disastrously, and the deficit has grown very rapidly. But the very method of "covering" it with resources borrowed from the statewide loan fund has worked unflinchingly and made it possible to maintain an appearance of financial soundness. In reality, the scale of the creation of money through the budget and the issuing of credit has been so great that the total deficit in the state budget, according to the official estimate, was 10 percent of the gross national product in 1989. And the task of reducing the deficit to 20-25 billion rubles (2-2.5 percent of the gross national product) has been set only for the year 1993.

1990 Budget Deficit Target Questioned

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[Article by Yu.V. Borozdin, doctor of economic sciences, Central Mathematical Economics Institute of the USSR Academy of Sciences, Moscow: "The Dubious Benefit of the Emergency Measures"]

[Text]

The Mystery Is Cleared Up

The government program of emergency measures in the economy assumes that the year 1990 must be the crucial year in carrying them out. But will these measures help, and will not the situation in the economy get worse in 1990?

The Law on the State Budget for 1990 provides for a reduction of its deficit from 120 to 60 billion rubles. But what actually stands behind such a decisive intention, by specifically what methods is it possible to reduce the deficit? With this in mind, let us look at the dynamic behavior of the USSR state budget over the last 5 years (billions of rubles).

Putting cash in circulation to make up a portion of the total deficit inevitably causes an overflow of the channels of circulation with excessive bank notes, and the total money supply loses value. The result is a drop in the purchasing power of the ruble, or inflation of the money. When the USSR Ministry of Finance showed the size of the budget deficit proper in 1989 to be at the level of 36.4 billion rubles, this signified that it was inevitable to put in circulation a certain amount of "empty" money, that is, paper money not backed up with goods and services. The size of actual note issue for the purpose of making up the budget deficit amounts to approximately 12 billion rubles if we assume the rate of turnover of the monetary unit to be 3. But that is too low. The issuing of credit by borrowing resources from the statewide loan fund and putting them into noncash circulation of money reached 63.4 billion rubles in 1989, i.e., once again money not backed up by anything, with the sole difference that at first it was in noncash form and was in the accounts of enterprises and banks. But the consequences of this note issue for the economy are not harmless at all.

First, since this is also "empty" money, there also are no physical resources behind it, and the enterprise that receives it in the form of credit of direct budget financing cannot convert it into commodities. It is a very typical situation: the enterprise has money, but it does not have resources to build housing, for modernization, expansion, or reconstruction of production, and so on. In essence, this is the main source of discrepancy between physical and value proportions in the national economy.

Second, the noncash and cash circulation of money are not separated by a "Chinese wall"; one way or another, part of the noncash money always passes over into the circulation of cash and requires additional note issue. According to estimates, out of every ruble of credit issued 15 kopecks go into the circulation of cash, above all into the wages of workers employed at projects opened for financing with resources from the issuing of credit. This amounts to approximately 9.5 billion rubles (63.4×0.15), or, if we take into account the rate of turnover of the monetary unit, slightly more than 3 billion rubles of additional money put into circulation. Thus, when added to the direct issuing of cash through the budget, we get 15 billion rubles. But even this is not the end of it. After all, the total size of the budget deficit in 1989 was not 100 billion rubles, but 120 billion, and if the 20 billion rubles of additional deficit are distributed in the same proportions between note issue through the budget and credit (1:2), as the original 100 billion rubles, and we make a similar computation, then we must add to the 15 billion rubles another 2-3 billion printed up. As a result, we have approximately 17-18 billion rubles, i.e., the very figure which the USSR Ministry of Finance promised in the September (1989) session of the USSR Supreme Soviet to reduce to half in 1990.

So the deficit in the state budget is to be cut in half this year (from 120 to 60 billion rubles) and the issuing of money into the circulation of cash is also to be cut approximately in half (from 17-18 to 10 billion rubles).

The draft budget for 1989 contained a decision to raise the curtain for the first time to reveal its true state, although this was done very clumsily, by manipulating the total amount of resources borrowed from the state-wide loan fund. According to the data presented in the table, budget revenues in 1989 dropped off 10.6 billion rubles. If we break down those revenues, we see not a reduction, but rather a certain increase. In 1988, total revenues came from the following sources: 339.9 billion rubles from the socialist economy and 39 billion rubles from individuals, while the figures in 1989 were 355.6 billion from the economy and 39.4 billion rubles from individuals.

This means that everything is determined solely by the amount of funds borrowed from Gosbank and by their distribution. In 1989, the decision was made to break up this total amount of nonrepayable bank credit to make up the budget deficit into two parts as it were: first, in the form of the direct budget deficit in the amount of 36.4

billion rubles, in order to inform the country's population about the bad situation in the financial sphere, and, second, the funds borrowed from the nationwide loan fund in the amount of 63.4 billion rubles, which are supposedly on the revenue side of the budget. As a matter of fact, the budget deficit, planned at the level of 100 billion rubles, was made public in mid-1989 and was already at a level of 120 billion rubles.

Postponement Is No Solution

By what means was it to be sharply reduced and brought down to 60 billion rubles by the beginning of 1991? First, let us look at the procedural factor, which influences the estimate of the size of the true budget deficit this year. For the first time in the practice of our budget planning, it has been proposed that in making up the deficit we do not resort to funds borrowed from Gosbank, but issue state bonds for the entire amount of the deficit and make their distribution at enterprises mandatory—49 billion rubles at the union level and 11 billion rubles at the republic level.

Such a loan was floated in January 1990. The term was 15 years, up until the year 2006, and repayment would begin in 1996 on the basis of 5 percent per annum. In that way, there would be an accumulation in the budget of the money of enterprises which apparently has no commodity coverage. By virtue of the fact that this money is in the budget, it is not "filled" with commodities; it will be that same empty inflationary money incapable of reducing the real deficit.

What does such an operation require? The goal, it seems to us, is to bring up-to-date command-administrative relations between the central financial authorities and primary production entities, without changing the essence of those relations. The point is that under prereform conditions enterprises making mandatory transfers into the budget and building up economic incentive funds at the established rate directly transferred all unused profit into the budget in the form of the so-called uncommitted remainder of profit. Now, Minfin does not have the opportunity to "slip its paw" directly into the pocket of the enterprise. At the same time, at the beginning of 1989 unspent remainders of economic incentive funds amounted to 102.5 billion rubles. We have to assume that for 1990 they grew even more.

Why was the money in those funds not spent? Well, because there are no physical resources corresponding to them, since the mechanism of "pumping" into the economy investments of credit with no backing whatsoever is operating faultlessly. A one-time restriction, a write-off of those funds, would contribute to a real

economic recovery. What is happening is only a simple transfer of money with no physical backing from the accounts of enterprises into the budget (in exchange they are issued bonds so that original settlement is postponed for 5 years). The sum collected is at the level of the planned deficit for 1990—60 billion rubles. But after all it is still assumed that this money will be spent precisely to make up the deficit. By taking from enterprises money that has not been covered and then putting it into circulation once again, we are not filling that money with physical goods, and consequently we are not solving the problem of reducing the real deficit.

At the same time, 10 billion rubles of cash are to be issued in 1990, as against 17-18 billion in 1989. Taking into account that the average rate of turnover of the monetary unit in the economy is approximately 3, we actually have to add 30 billion rubles of the direct budget deficit to the credit issued in the amount of 60 billion rubles. In the end, the total size of the deficit in the state budget in 1990 is at least 90 billion rubles.

In the state program for economic recovery, the principal source of saving on budget resources is the sharp reduction of centralized capital investments in production facilities (by 30 percent, or about 30 billion rubles), including a 40-percent cut in investments in fuel and energy and metallurgical complexes. In addition, it is proposed that the volume of uninstalled equipment, whose above-allowance inventory now exceeds 5 billion rubles, would be reduced, and the number of enterprises operating at a loss would be reduced, first, by one-third (there are more than 24,000 of them with annual losses of 10-11 billion rubles), and over the next 2 years this loss of money by enterprises would be entirely corrected. Plans for 1989 and 1990 also call for a 14-percent reduction of defense expenditures and a 10-percent reduction of expenditures to maintain ministries and departments. Just as before, the problem of reducing above-allowance stocks of merchandise and supplies, whose volume was 523.9 billion rubles as of 1 June 1989, is extremely acute. By comparison with the corresponding period of last year, production stocks and stocks of finished products have grown, the volume of uninstalled equipment is larger, and unfinished construction is continuing to grow. Performance of these measures is supposed to yield the amount of 60 billion rubles, which is the amount sought. But I submit that these measures will not actually reduce the budget deficit.

It is inherently defective to simply cut back certain items among budget expenditures without taking into account the trends in economic development and thereby regardless of the related expenditures occurring in this connection. For instance, a sharp reduction of centralized capital investments by several tens of billions of rubles will leave hundreds of thousands of skilled workers without work, and new jobs have to be created for them in a hurry, and that requires capital investments. In order to make those investments, we have to create the new basis of production, since the physical composition

of those capital investments will presumably be fundamentally different from the resources that have been frozen. Closing down an unprofitable coal mine, for example, requires other construction of, say, an enterprise in the machinebuilding field, the retraining of the miners, or moving them to another industrial area and supplying them new housing and again expenses to retrain them, and so on. Who is going to finance those expenditures? Mainly, of course, the state, and it is not always clear what kind of saving on budget resources is achieved as a result.

The sluggishness of our extensive and inefficient economic development is so great that it compels one to doubt the realistic attainability of a reduction of outlays for other items on the expenditure side of the budget as well. For instance, the number of construction starts in 1989 exceeded the 1987 level and amounted to 4,300. The volume of unfinished construction grew from 78 to 85 percent of the annual volume of work and reached 164 billion rubles at the beginning of 1989. Stocks of uninstalled equipment grew to 14 billion rubles and are continuing to increase. As for liquidation and then elimination of the losing operation of enterprises, by and large the only way this can be done is for them to raise prices. But that action, carried out for certain products, for example, for the fuel and raw materials group, will result only in an increase of expenditures and a reduction of income for consumers of those products. If prices are also raised for them, then along the chain of production connections this will result in price increases for the fuel and raw materials branches; once again they will be losing money or operating at low profit, and a new change of prices is required.

The situation is similar with the conversion of the defense industry. Even the direct reduction of the size of the armed forces and combat equipment requires substantial subsequent outlays, especially since the comparative efficiency of investments in reconfiguration is problematical. Experience in converting defense enterprises to the production of equipment for light industry and the food industry and agricultural equipment shows that it costs far more than at specialized enterprises.

One way or the other, an abrupt structural change of the economy carried out by the state and at the expense of the state is more likely to require sizable new resources. It would seem that we ought to travel a different road.

First, we have to have a different approach to forming the state budget, whose expenditures can be made only within the limits of revenues actually collected. If resources of Gosbank or enterprises are borrowed in a special situation, then they must be repaid and interest must be paid on them.

Second, the state should finance only the large-scale economic programs of the entire nation that are intersectoral and interrepublic in nature, obtaining the resources to do this in the form of tax collections from

economically independent enterprises, associations, cost-accounting (*khozraschetnyy*) regions and republics.

Third, movement of the center of gravity in financing current and long-range economic measures to the primary production entities, regions, and republics fundamentally changes the structure and size of the state budget, and at the same time the entire system of financial-and-credit relations in the economy. Only from those positions is it possible to undertake to solve the problem of financial recovery of the economy—not by making item-by-item cuts and savings, but through a fundamental change in the system itself to conform to the model of the new economic mechanism.

Since there is no real market for machines and equipment, manpower, money, and securities, it is still a question only of a market for consumer goods and services, and it is now in a lamentable state. On the one hand, it is becoming more unbalanced, there are more shortages, and that is accompanied by higher prices, a drop in the purchasing power of the ruble, speculation, and the flourishing of the shadow economy, while on the other this market is shrinking because an ever greater number of goods is being distributed on the basis of ration cards. This actually indicates the utter deformation of the consumer market, verging on collapse.

An alternative way of overcoming this situation would be either to convert to a universal rationing system, which in one of the versions would be combined with extensive development of a network of commercial stores trading at retail prices, or an attempt to quickly normalize the situation on the consumer market by means of economic measures.

There is also a third alternative, one that is included among the emergency government measures and was stated in the decree of the USSR Supreme Soviet entitled "On Additional Measures To Stabilize the Consumer Market and Strengthen State Price Control." This decree was kept strictly in the spirit of the command-administrative system of administration and introduces rigid restrictions on the use of negotiated prices, envisages an essential broadening of the contents of the state order and a number of instructions that would strengthen state price controls.

The bureaucracy has shown persistence worthy of better use in its attempt to interfere with economic processes. Even our own experience is not teaching us anything. After all, at the beginning of 1989 the USSR Council of Ministers adopted a decree entitled "On Measures To Eliminate Deficiencies in Present Pricing Practice," which contains quite a few imperatives: resolutely interdict, forbid, do not allow, strengthen controls, obligate, and so on. But those same deficiencies which had to be corrected have spread still more widely. And now a similar new decree is being adopted, and it will undoubtedly suffer the same fate.

The Cold Approach to "Hot" Money

The likelihood of adoption of a universal rationing system is very high, but still we will examine in some detail the possibility of stabilizing the consumer market by means of other methods. Many economists see the principal reason for the growing shortages on the consumer market in the sizable surplus of money held by individuals, estimated at 100-150 billion rubles. We have to add to that amount at least the same amount stored in personal accounts in the form of unsatisfied demand. In all, there seems to be 200-300 billion rubles of this "hot" money that is looking for goods and services immediately, and that represents 50-75 percent of annual retail commodity sales. Since this is the money that is "strolling" through the market, it is the money that is creating the speculative demand, is whipping up inflation, is emptying shelves, and is feeding the black market. Various recipes are being proposed for removing this barrier on the road to a balanced market—from the most radical, like the 1947-type monetary reform, to quite moderate ones that come down to a system of measures to "tie up" that money over the next 3-5 years until the economy begins operating with the new economic mechanism.

What are the recommendations for normalizing the consumer market and for financial recovery of the economy that are being advanced most frequently by economists and contained in the government program?

The main direction is a sharp increase in the production of consumer goods and paid services, reduction of centralized capital investments in production facilities and defense expenditures, and a reduction of administrative expenses. It is also being proposed that interest rates on deposits be raised in order to encourage people to hold their money for a long time, the issuing of loans at a high rate of interest, tying up the money of the population by means of prior payment for future purchases from catalogues, creating a market for shares of stock and other securities, extensive use of a check system for settlement so as to sharply reduce the amount of cash in circulation, etc. This evolutionary strategy for financial recovery would be effective, but not in such a deep socioeconomic crisis. Under present conditions, it can hardly be successful, and here is why.

In 1988, when the rapid collapse of the consumer market began, the growth of the volume of retail commodity sales was 25 billion rubles, but the growth of personal money income was 41 billion rubles. In 1989, these figures were 37 billion and 64 billion rubles, respectively; that is, the imbalance worsened.

The plan for 1990 calls for an increase in the volume of retail commodity sales of 66 billion rubles, which is unprecedented for the country; it would seem that this would essentially weaken the pressure of "hot" money on the market. But the growth of personal money income, in our assessment, is at least 80 billion rubles in 1990. The experience of the last 3 years indicates that

50-60 percent of the growth of retail sales in value terms results from the rise of prices as less expensive goods and services are increasingly omitted from the assortment, products and services which have enjoyed stable demand from all groups of the population, but in particular those with low and medium incomes. We have to add to the growth of money income in 1990 the size of unsatisfied demand carried over from past years. When this is taken into account, the state of the consumer market will be worse than in 1989, and this even in spite of the fact that there have been increased imports of foodstuffs and nonfood commodities. The figures for the 1st quarter of 1990 confirm this.

The sharp reduction of capital investments in the production sector and above all in the fuel and raw materials branches of industry makes it possible to translate as it were a certain portion of them to the nonproduction sphere—housing construction, facilities for health care, education, culture, and so on. But there are several reasons why this will not be accomplished successfully.

First, the physical content of the capital investments in production facilities (and the branches, associations, and enterprises now associated with them) is different than capital investments in the nonproduction sphere.

Second, halting construction or reconstruction of production facilities requires immediate investments to develop other production operations so as to employ the workers laid off.

Third, expansion of the construction of housing and creation of an advanced infrastructure require investments in the building materials industry, the timber and lumber industry, the glass and chemical industry, machinebuilding, etc. In other words, every additional billion rubles for construction of that same housing may necessitate the same if not a larger sum of productive capital investments in related sectors.

Of course, the benefit from reduction of capital investments in production facilities and defense expenditures will not be as rapid and great as it seems at first. Radical and rapid structural revamping of an economy that for decades has been oriented toward extensive development of production for the sake of production will still have social consequences difficult to assess, and we cannot fail to count on them. Nevertheless, there is no other way, however great the difficulties might be at the beginning.

As for recommendations to raise interest rates on personal deposits, issue special-purpose loans and certificates, the sale of stock, and the check system for making settlements, and so on, such measures yield a benefit only in a sufficiently balanced economy in which supply and demand are mainly balanced in current consumption. But in our country the situation is fundamentally different. The 200-300 billion rubles itching to be spent immediately, as soon as a commodity appears on the market, will hardly be committed to long-term deposits, certificates, shares of stock, even if the interest rate on

them is raised substantially. If this does in fact happen with a portion of this money, which in relative terms is a surplus, then it evidently will be the money of those strata of the population whose per capita income (whether it is fair or unfair) corresponds to the upper limit of the total distribution of the population in income groups. The main thing is still to fill the market with solid goods and a variety of services. Administrative methods, even harsh ones, will not solve this problem; the way out is only to create an economic mechanism based on efficient use of market regulators.

The state has lost control and regulatory influence on the dynamic behavior of prices and on the state of the circulation of money in the country. The consequences have not been long in coming. The rates of inflation are rising, reaching, according to official estimates, 7.5 percent in 1989; according to an expert assessment, it is twice as high. Unless the state takes rapid and vigorous measures, it would be an illusion to count on everything somehow sorting itself out on its own. But the reform of prices and of the pricing mechanism is being postponed at least until 1991, yet without it it is impossible to normalize the circulation of money in the country.

Up to now, these problems have not been solved at the level of the national economy, and yet the door is already wide open not only for the free choice of the form of economic activity by any enterprise, but also for the transition to economic independence and full cost accounting at the level of the republics, regions, oblasts, cities, etc. Economic independence, which is being interpreted in any number of ways, will inflict, it seems to us, a decisive blow to the country's collapsing economy if we still perceive it as a unified national economic complex.

The radical reform of the pricing mechanism, which is clearly being dragged out, creation of a market for machines and equipment, for manpower, for money, and for securities, and construction of a fundamentally new system of taxes and payments are generating a natural desire in a number of republics and regions to deal with these problems within the framework of their own models of economic sovereignty and full cost accounting. Should those intentions be realized, then it is inevitable that not only the republic, but any economic region, oblast, or city that wants to make the transition to this kind of cost accounting will adopt its own system of prices and its own monetary unit. Movement in that direction has already become reality. Things have gone to the point where the central economic authorities, instead of rapidly developing economic regulators for the national economy, are engaged in reconciling the different republic and regional models of cost accounting, which, without the cementing effect of such regulators, will have only one result—the final collapse of the country's economy and a very rapid deepening of the contradictions in all the spheres of society's life.

So, the emergency measures for financial recovery of the economy and for stabilization of the consumer market

being taken within the framework of the present command-administrative system will hardly yield any benefit, and for that reason they are clearly incapable of taking us out of the economic crisis. We need immediate preparation and implementation of an integrated and combined reform of prices, income, and money.

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Commercial Banks Needed to Finance Intersector State Associations

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[Article by Candidate of Economic Sciences G. N. Beloglazova, docent at the Leningrad Institute of Finance and Economics imeni N. A. Voznesenskiy, and Candidate of Economic Sciences L. P. Talmach, board chairman of the Energomashbank Joint-Stock Commercial Bank: "Joint-Stock Commercial Banks in an Intersector State Association"]

[Text] The USSR Law on the State Enterprise (Association) made it possible to create intersector state associations (MGOs) consisting of enterprises, associations and organizations which retain their economic independence and operate on the basis of the principles of full cost accounting and self-financing. Formation of MGOs is in keeping with the present trends in the development of social division of labor, and it should serve as the basis for sensibly organizing intersector interaction, for introducing major scientific and technical developments, for making mutual deliveries of equipment and for expanding and diversifying the assortment of manufactured products. Their activity provides a broad avenue for development of the initiative of enterprises and for their effective and suitable interaction with each other in various spheres—productive, scientific, technical and social.

Three intersector state associations have now been created and have been functioning successfully for as much as a year and a half; another seven MGOs of different profiles will begin operating in the future. One of the first MGOs created in the country was Energomash, which defined as its principal objectives satisfaction of the national economy's demand for power production equipment, maintenance of high quality in its products, corresponding to the world level, and reduction of outlays on production and maintenance. The association includes 16 structural subdivisions which left their ministries to become founders of the new organizational formation, which functions on an intersector basis. The MGO is essentially a self-managing association, inasmuch as the founding enterprises participate in its creation not through the purchase of stocks but with the results of their activity.

The results of the first year and a half of work of the Energomash MGO demonstrate the viability and promise of the new form of industrial management. In

1989 the production plan was 100.8 percent completed, the output of products increased by 3.8 percent in comparison with the previous year, including by 17.8 percent for consumer goods and 89.9 percent for scientific and technical products, the profit plan was significantly surpassed, and product renewal attained 17.7 percent, as opposed to the planned 15.7 percent. Over 90 models of articles were placed into production for the first time.

Being a single cost-accounting complex, the MGO is developing in the direction of the fullest realization of the principles of cost accounting in both vertical and horizontal business relations. It has been granted broad rights in making business decisions, establishing production proportions and selecting the variants of development. At the same time the MGO assumes full responsibility for satisfying the demand of the national economy and the population for the products of its enterprises and for effective use of resources and assets provided to it. Expansion of the organizational and economic independence of the MGO is combined with diversification of cost-accounting relations within the association. These relations themselves are based on development and deepening of the cost-accounting independence of all enterprises and organizations within the MGO. The economic mechanism behind the MGO's administration precludes the use of authoritarian administrative methods of control: The center of gravity is shifted to the use of economic methods of regulating the activities of primary business units.

Creation of joint-stock commercial banks in the MGO system has become a fundamentally new phenomenon in the operation of intersector state associations (in comparison for example with the all-union and republic industrial associations formed in the early 1970s). These banks are becoming the credit and finance centers of the MGO; they ensure the fullest possible implementation of the basic principles of cost accounting and effective utilization of all assets within the MGO, and they provide a new way to solve the problem of interaction between the MGO and primary production units.

In our opinion the following circumstances brought about the need for creating a joint-stock commercial bank within the MGO.

First of all, successive realization of the principles of cost accounting in relation to enterprises and associations within an MGO presupposes stability of economic standards regulating their activity. Moreover, further deepening of cost accounting presupposes a transition from individual economic standards to ones based on a single methodology. Under these conditions, effective use of all of the resources of the enterprises may be ensured only by creating a system for efficiently redistributing accumulations and resources within the MGO on a reimbursement basis. In view of the features of the economic mechanism of an MGO, a bank assuming the functions of redistributing resources within the MGO must be

endowed with complete cost-accounting independence, and it must operate on a commercial basis.

Second, the intersector association's performance of its functions of expanded reproduction and social development of the collective requires a certain amount of centralization of resources at the level of the MGO, as being a larger production system. In this case centralization of resources at the level of the MGO may be achieved in two ways: by creating centralized financial funds within the MGO itself out of deductions from the profits of enterprises according to particular standards, or by voluntary unification of part of the assets belonging to the enterprises with the goal of investing them in measures to support attainment of certain developmental objectives of the MGO.

Experience shows that both means of centralizing resources are currently being used. Reliance upon economic methods of administration in the MGO system makes the latter method of centralizing resources more preferable in our opinion. But in either case, assuming that the interests of enterprises within the MGO are heeded, centralization of resources and their effective use make it necessary for the MGO to create its own credit and finance center, endowed with broad rights to maneuver resources on a long-term basis and possessing cost-accounting independence within the MGO.

Third, there are considerable expenditures associated with organizing the creation and introduction of major scientific and technical developments on an intersector basis and with mutually coordinated performance of the "scientific research—engineering and technology—investment—production—marketing—service" cycle. Transformation of an MGO's self-sufficiency into self-financing will mean gradual abandonment of centralized capital investments as a source of financing its scientific, technical and productive development. An orientation on the use of predominantly internal assets makes their maximum mobilization within the framework of the MGO and their most effective redistribution important. The need for creating a special economic mechanism by which to attract additional money from other enterprises, organizations and the public in order to ensure uninterrupted financing of the MGO's specific-purpose programs comes into being simultaneously. An MGO should mobilize its internal resources and attract external resources only by economic methods (issue of securities, attraction of investments and deposits, and so on), which is something within the means of a bank directly associated with the MGO but maintaining its cost-accounting independence.

The joint-stock commercial bank of enterprises in the Energomash intersector state association was created by the enterprises and organizations making up this association through voluntary unification of part of the assets belonging to them. The bank began operating in May 1989; its charter fund, which totals 20 million rubles, has now been completely paid off, and the bank possesses 13 stockholders, 11 of them being enterprises in the MGO.

The total investment of the MGO enterprises is 70 percent of the bank's charter fund. The amount invested by each enterprise into the bank's charter fund was determined on the basis of its size and with regard for the amount of uncommitted financial resources available. Each year the bank's stockholding enterprises receive a part of the bank's income in proportion to their contribution to the charter fund, in the form of dividends on invested assets. In 1989 the Energomashbank sent its stockholders around 1 million rubles of cost-accounting income in payment of dividends. Besides a charter fund, the bank is also creating a reserve fund, which serves to cover any possible losses. Each year the size of the reserve fund is increased by deductions from the bank's income, until such time that it attains the size of the charter fund. In 1989 the Energomashbank's deductions into the reserve fund totaled 8.5 percent of annual deductions.

The charter and reserve funds support the bank's obligations before its clients and serve as the basis for acquiring loans. To provide loans and financing, a joint-stock bank may use temporarily uncommitted assets deposited with it by businesses and the public, and it may employ the remainder of assets of clients in clearing, current and other accounts. Credit may also be obtained from other banking institutions (on a purchase-sales basis). As of the beginning of 1990 the volume of assets accumulated by the Energomashbank was 93 million rubles (including 50 million rubles in deposit accounts). The Energomashbank covers up to 80 percent of the credit needs of its clients with its own and deposited assets. This is why it actively utilizes loans from other banks and organizations in its credit operations.

Special emphasis should be laid on the fact that the bank attracts uncommitted money under commercial terms on the basis of the actual economic market conditions.

The joint-stock bank is entitled to float securities at enterprises, associations and organizations as well as in other banks in order to attract assets by which to support major specific-purpose programs of the MGO. Issue of stocks of enterprises and labor collectives is a very promising pursuit, and it will apparently become reality in the very near future.

When the Energomash MGO was created, a decision was made to keep the centralized funds as small as possible so as not to restrict the independence of the enterprises and associations. This is why attainment of the general objectives of the MGO and fulfillment of joint functions of the enterprises are based predominantly on voluntary unification of the resources of interested business units through the creation of various joint-stock companies, firms, enterprises and so on. For example the Energomashzhilstroy Joint-Stock Planning and Construction Association (APSO) was created in 1989. Besides enterprises of the Energomash MGO the Tekhnokhim MGO, the Kirovskiy Zavod Production Association and the Baltiyskoye Morskoye Parokhodstvo Production Association became its stockholders. The Energomashbank

opened an APSO financing account, to which the first initiation dues of the stockholding enterprises were credited. The main objective of this joint-stock association is to create a housing construction base that would implement the housing program of the stockholding enterprises.

Together with the Energomash MGO the Energomashbank founded the Vneshenergomash Foreign Trade Company. This company was created in order to support deliveries of equipment to foreign countries and assist development of foreign economic relations of the MGO's enterprises and organizations with foreign partners.

The joint-stock bank operates on the principles of full cost accounting and self-financing, it possesses an independent balance, and it is an independent legal person, which provides it not only equal rights but also equal responsibility as a bank in relation to its clients. As a legal person it may be held liable, it may be required to compensate for damages, and so on.

Cost-accounting income received by the Energomashbank in 1989 was distributed as follows: After payments into the budget were deducted from it (according to a preestablished standard), deductions were made into the bank's reserve fund, into the fund for production and social development, and into the wage fund (on the basis of the statute on bank cost accounting). The remaining part of cost-accounting income was distributed as dividends. The need for ensuring acquisition of sufficient profit and maintaining liquidity precludes any possibility of transforming the joint-stock bank into a "piggy bank" of the MGO. Relations between the joint-stock bank and enterprises of the MGO are based on shared economic interest and economic responsibility of each for the ultimate work results of the entire association. Joint-stock intersector banks are typified by close integration of credit operations with business operations, which are based on interaction of the board of the MGO with the commercial bank's board. The bank chairman of the board is a member of the board of the MGO.

The Energomashbank currently services 48 clients, 29 of which are members of the MGO. Clients included within the composition of the MGO are responsible for 95 percent of the total volume of the bank's credit operations. As of the beginning of 1990, Energomashbank's loan investments were 105.0 million rubles, to include 92.5 percent short-term loans and 7.5 percent long-term loans.

Describing the activity of the joint-stock commercial bank of enterprises of the Energomash intersector state association, we should note that its main objective in the given stage is to provide the financial basis for uninterrupted operation of all enterprises and associations within the MGO. At the moment they joined the Energomash intersector association some of them were suffering an unstable financial status, which was complicated even more later on in connection with review of

their production program and cancellation of a number of orders. Specialists of the commercial bank subjected the financial status of their clients to comprehensive analysis, and determined specific measures by which to improve it. The causes of formation of excessive stockpiles of commodities and material valuables and the composition of these stockpiles were studied deeply and thoroughly at the associations in order to arrive at the most effective approaches for the bank to take in its loan policy toward them, ones capable of reinforcing the principles of cost accounting. The bank provided credit assistance to associations in an especially difficult position. Thus in 1989, after measures to financially rehabilitate the Sevkabel Association were carefully worked out, a loan of 3.5 million rubles was granted at an advantageous rate to make up the shortfall in the association's working capital. The bank's effective assistance allowed the association to pull itself out of the financial hole in which it had been for such a long time. The loan has already been partially repaid with profits.

Close and direct interaction of the bank with the board of the intersector association and their shared interest in normalizing the financial status of their enterprises are a guarantee of effective credit assistance to enterprises in the MGO. This circumstance has extremely important significance, inasmuch as very often the financial problems of the enterprises are the result of an imbalance between the production program and material and equipment supply, and consequently they can be solved only through the joint efforts of the sides. The joint-stock form of organization of the bank precludes any possibility for passing responsibility off to one of the partners. Ineffective work and irrational use of resources inevitably reflect upon every stockholder, in view of which the partnership of the bank with the MGO's business units is a real fact of their economic relations.

It may already be concluded today that the economic relations of the bank and the MGO's enterprises are rising to a qualitatively new rung corresponding to the modern economic mechanism.

For the time being, the specific forms and methods of granting loans in the initial period of Energomashbank's activity remain as before. Thus the associations and enterprises that went over to the services of the Energomashbank in 1989 continue to receive credit on the basis of the sum total of their material reserves and production outlays, and other traditional forms of loans. Retention of the old forms of providing credit, which possess a number of shortcomings, is dictated primarily by the interests of the clients, and by a concern for creating stable conditions for their activity and maximally reducing inconveniences during the organizational period.

New forms of banking activity are also being actively introduced—factoring operations in particular. This form of services reduces the probability of nonpayment and promotes faster turnover of working capital in the accounts and improvement, in a wider sense, of the

financial status of many enterprises and organizations. In 1989 the bank provided factoring services to six MGO enterprises for a total of 157.1 million rubles. In this case the amount of factoring credit to a single enterprise was limited as a rule to the amount of its contribution to the bank's charter fund. Factoring operations in a commercial bank do not require formation of a special revolving factoring fund (in distinction from specialized banks). Such operations are carried out with the commercial bank's own resources.

In the fourth quarter of 1989 the first leasing operations were carried out as a banking experiment. The issue of introducing promissory notes as a form of settling accounts at enterprises possessing sizable reserves of nonsalable and old commodities and material valuables is in the developmental stage.

The activities of a commercial bank are regulated by Gosbank as the country's central bank. During the time of formation of joint-stock commercial banks and in the initial stage of their activity, maintenance of the liquidity of their balances is the primary objective. With this purpose the USSR Gosbank established economic standards regulating the activities of commercial and cooperative banks. In particular all commercial and cooperative banks must deposit 5 percent of the money they bring in into credit resource regulating funds of the USSR banking system. As the network of commercial banks develops, the significance of this instrument will grow.

As the money market develops, interest rates will be determined to an increasingly greater degree by the relationship between supply and demand of uncommitted money that may be loaned out.

Discussing intersector joint-stock banks, we must not forget that they are an inherent part of the country's credit system. Their creation is a decisive step forward in the effort to transform the credit system in correspondence with the requirements of fundamentally restructuring the economy's management. Inclusion of a commercial bank into the MGO system brought about the appearance of some special features in the work and structure of the bank.

Existing as the MGO's credit and finance center, the Energomashbank assumed the functions of financial planning in the association. In the future the plan is to begin drawing up a single credit and finance plan for the intersector association, as an inherent part of its plan for economic and social development. A division of economics and finances was formed in the Energomashbank in 1989; its creation was dictated by the need for interrelating general economic and financial indicators and strictly justifying the latter in relation to each enterprise and in relation to the MGO as a whole.

Further development of commercial banks is inseparably associated with formation of a market in loan assets, and primarily a money market. For their activities to be successful and effective, commercial banks

must have a possibility for freely bringing in additional credit resources and selling temporarily unutilized assets unhindered. In the loan assets market, the supply of and demand for loan assets must be balanced at a "price" of loan assets satisfying both the creditor and the debtor. Formation of a loan assets market may be successful only if we switch to a two-level banking system. This transition must occur gradually in our opinion, by transforming the lower level of special banks—their rayon divisions—into commercial banks by having potential stockholders (shareholders) buy out the charter fund from the state.

Enterprises and associations are expressing increasingly greater support for the currently forming money market, selling temporarily uncommitted money to each other on a contract basis. From our point of view the movement of uncommitted money between enterprises must be regulated by foreseeing confiscation of part of the income obtained from the sale of assets to their enterprises at an unjustifiably high interest rate, and its deposit in the budget.

In addition under present conditions it would be suitable in our opinion to allocate centralized loan assets to commercial banks so that they could support the most important measures of scientific and technical progress, and expand production of consumer goods and construction of projects within the nomenclature of state orders. When we establish tax relationships with the state budget, we must foresee a tax advantage to commercial banks making investments into development of scientific and technical progress and implementation of the most important social programs. This advantage may take the form of a deduction from profit tax.

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Impact of Proposed Wholesale Price Changes On Interrepublic Trade

904A0446A Moscow *EKONOMIKA I ZHIZN*
in Russian No 25, Jun 90 p 12

[Article by L. Mikhaylov: "New Prices and Interrepublic Commodity Exchange"]

[Text "Finally, the proposed changes in wholesale prices have appeared in a governmental report on converting over to a market economy. It is hoped that we will be able to read on the pages of *EKONOMIKA I ZHIZN* just how these changes will affect the republic's economic relationships. Who will lose and will there be a winner based upon the results realized from the importing and exporting of products? Various discussions are taking place on this subject." I. Serov, city of Tobolsk]

During a discussion of territorial cost accounting, the independence of regions and questions concerned with the importing and exporting of goods, the unfair nature of the existing prices was mentioned on more than one occasion. True, exactly who was expected to profit from them remained obscure. Nobody wished to admit that

no such individuals had yet been found. One fact was clear: the system of active prices does not ensure an equivalent exchange between the country's regions and branches, and mutual complaints arise from a biased assessment of the products that are sold and purchased.

What does the plan for reforming the price formation system call for?

To a large extent, it calls for the prices in the fuel and raw materials branches to be raised. For example, in the fuel-energy complex, an increase of 82 percent (by a factor of 1.82), in metallurgy—by 71 percent (a factor of 1.71), and in the chemical-forestry complex—by 64 percent (by a factor of 1.64). This brings the prices for products of the extractive and processing branches of industry closer to the international market level, it

eliminates the artificial cheapness of raw material resources, and it creates incentives for conserving the use of resources. The price for petroleum would be raised by a factor of 2.3, gas—by twofold, coal—by 1.8, electric power—by 1.45, and thermal energy—by a factor of 1.65.

Obviously, in the process changes will have to be carried out in purchase and retail prices.

How will the price changes affect interrepublic exchange? According to available but far from complete data that reflects only the principal elements of the proposed reform in wholesale, purchase and retail prices, the balance in the commodity exchange of union republics (according to data for 1988) would change in the following manner (billions of rubles):

	In active prices (data of USSR Goskomstat)			In planned prices (computation)			Overall balance in imports and exports improved (+), became worse (-)
	Total	Including		Total	Including		
		Inter-republic exchange of domestic products	Foreign-economic relations		Inter-republic exchange of domestic products	Foreign economic relations	
Republics							
RSFSR	-33.3	+0.3	-33.6	-35.0	+3.8	-38.8	-1.7
Ukrainian SSR	-2.9	+3.6	-6.5	-3.8	+3.9	-7.7	-0.9
Belorussian SSR	+2.1	+4.1	-2.0	+1.2	+3.9	-2.7	-0.9
Uzbek SSR	-1.9	-1.7	-0.2	-0.6	-1.6	+1.0	+1.3
Kazakh SSR	-7.3	-5.4	-1.9	-8.6	-6.2	-2.4	-1.3
Georgian SSR	-0.6	+0.3	-0.9	-2.0	-0.7	-1.3	-1.4
Azerbaijan SSR	+1.1	+2.1	-1.0	+0.6	+1.9	-1.3	-0.5
Lithuanian SSR	-1.5	-0.8	-0.7	-2.4	-1.5	-0.9	-0.9
Moldavian SSR	-1.0	-0.2	-0.8	-2.1	-1.0	-1.1	-1.1
Latvian SSR	-0.7	-0.1	-0.6	-1.1	-0.4	-0.7	-0.4
Kirghiz SSR	-1.2	-0.5	-0.7	-1.5	-0.6	-0.9	-0.3
Tajik SSR	-1.1	-1.0	-0.1	-1.1	-1.1	—	—
Armenian SSR	-1.1	-0.3	-0.8	-2.3	-1.1	-1.2	-1.2
Turkmen SSR	-0.3	-0.1	-0.2	+1.0	+1.1	-0.1	+1.3
Estonian SSR	-0.7	-0.3	-0.4	-0.9	-0.4	-0.5	-0.2

The variant proposed for reforming price formation would make it possible for only two central asian republics—the Uzbek and Turkmen SSR's—to improve the overall balance in their exchange of goods, in another republic—the Tajik SSR—the situation would remain without change and in 12 republics the balance would become worse. Using the table, it is possible to observe how the balance in the interrepublic exchange of

domestic products and foreign economic relations is changing. In the case of the latter—the indicators grew worse in almost all of the republics, with the exception of three central asian republics, with the Uzbek SSR having an active balance in foreign trade. With regard to the interrepublic exchange of domestic products, an improvement was noted in the balance for the exchange of goods in four republics—RSFSR and the Ukrainian,

Uzbek and Turkmen SSR's. A strong gain in the exchange of goods among central Asian republics could have taken place as a result of an increase in the prices for cotton and other raw material types of products. The Turkmen SSR, in addition to the traditional exporting republics—Belorussian and Azerbaijan SSR's—on the whole would also have become an exporting republic.

Earlier the opinion was expressed that the RSFSR is losing considerable resources owing to a non-equivalent exchange among the republics. And what will the situation be with the new prices if the plan is adopted? According to the variant proposed for the reform in price formation, it turns out that the expectations of many for changes are by no means being justified.

Actually, the internal prices for those types of fuel and raw material branches which constitute the foundation for Russian imports are drawing closer to the international prices, whereas in the case of products and goods which traditionally are imported—sewing products, footwear, knitted goods, meat, milk and others—the prices are moving farther away from the international prices.

If the new prices proposed by the government for the RSFSR had been introduced into operations (computation based upon data for 1988), the balance in the exchange of goods for the petro-gas industry would have improved by 15.4 billion rubles; for the timber, wood-working and pulp and paper industry—by 4.7; the coal industry—by 0.6; non-ferrous metals—by 0.8 and for chemical products—by 0.6 billion rubles. The overall improvement—roughly by 22 billion rubles. But from an overall standpoint the balance in the exchange of goods would have deteriorated to an even greater degree: for products of the food industry—by 8.6 billion rubles, light industry—by 9.6 billion rubles, machine building products—by 2 billion, ferrous metallurgy—by 1 and agricultural products—by 2.5 billion rubles. In all, it would have become worse by 24 billion rubles.

REGIONAL DEVELOPMENT

Republic Economic Sovereignty at Odds With Federation

904A0587A Moscow SOVETSKAYA ROSSIYA
in Russian 2 Sep 90 First Edition p 4

[Article by V. Panskov, chief of the Financial and Budget Department of the USSR President, candidate of economic sciences: "On Sovereignty, the Independent Budget, and Regional Egoism"]

[Text] The sovereignty of the republic.... Much is being said about this now, republic parliaments are adopting declarations on sovereignty. Judging by articles in the press and broadcasts in the other mass media, a seemingly unanimous approval of the road chosen by the republic is taking shape in society. But do they all have a clear understanding what lies behind the words: state

sovereignty and economic sovereignty? What does our union of republics look like seen through them, and will it be preserved at all?

The economic sovereignty of republics has many aspects, and one of them is their financial independence, the strong financial base—the budget, and a robust budget system. Nor is this any accident. As is well-known, it is not possible to have real sovereignty if you are financially dependent. And it can be said without exaggeration that the financial aspect of economic sovereignty is the determining factor. Without financial resources or without receiving them from someone, it is not possible to speak seriously about the possibility of the republic's making independent economic decisions. At the same time, it is also impossible to take a simplistic view of financial independence. When we speak of an independent budget that is drafted and approved by the republic alone, there are no differing interpretations or disagreements whatsoever. And the reason for that is that every budget can have only one boss—the soviet of people's deputies. It is another matter when it comes to supplying revenues for that budget. From what sources will those budgets be formed, what kind of expenditures will be financed from them? Who is going to draw the line as to revenues and expenditures between the Union and the republics, and within the republics—between the center and local soviets? What body is going to define the structure of the tax system in the country, in the republic? These are not idle questions by any means. Whether we like it or not, our political system will also depend to a considerable degree on how they are answered: Will we preserve the federation, filling it with new content, or will we create a confederation of states, or will we do away with both? In other words, will we be able to accord every republic true economic sovereignty, at the same time strengthening the union of all the republics and creating a strong and unified state?

The conception of the structure of the financial and budget system in the context of state economic sovereignty is a product of how we see the future of our federation. These two problems are most intimately related to one another!

If we want to build a confederation, then finances will be structured accordingly: full independence in structuring the financial and banking system, including taxes, full disposition of all the revenue sources of the budget collected on the territory of the republic, independent establishment of all laws in the area of finances and the economy within that jurisdiction. It is another matter when we talk about a real union of equal republics in which the relation of each of them to the Union is structured on the basis of a new Treaty of Union. In this case, there can only be laws which are uniform over the entire territory of the country to regulate financial relations, to distribute clearly revenues collected on the respective territory between the Union and the republic, to define the character of expenditures from the union

budget on the basis of the delineation of functions of republic authorities and the Union.

The Federation, new and renewed, is unthinkable without a unified nationwide market. And that means "rules of the game" that are the same for all the republics, a tax system identical over the entire territory with clearly defined rights of the center and republics, depreciation policy and interest rate policy, customs rules and duties, and so on, and so forth. There is no third way. The right of the union republics to adopt their own laws in the area of finances automatically means their full autonomy and elimination of the federal state.

Autonomous legislation in the field of taxes, for example, precludes the right of USSR entities to adopt laws on other economic issues. There cannot be a situation, let us say, when a tax law adopted in the republic envisages benefits for enterprises to accelerate depreciation of fixed capital, while the USSR law establishes depreciation rates that are uniform for all enterprises in the country. Under those conditions, every republic must have its own law on the enterprise, law on ownership, and so on, that is in effect. And a great number of such examples might be given.

Thus, if we recognize that financial laws of the republics have priority over nationwide laws, then we should talk about the utter impossibility of having laws of the Union of SSR in the economic domain. And that is the road toward dissolution of the Union of SSR, and not only would the completeness of the republic's independence be clearly pronounced, it would be altogether detached from the Union.

At the same time, it would seem to be incorrect to indiscriminately accuse the authors of proposing to take away from union authorities the right to legislate in the field of finances and the budget out of ambition and a desire to bring down the Union. It is all far more complicated. The republics have been outcasts from the center for too long a time. Financial and budget relations have been excessively centralized when the question of financing a village well, to speak metaphorically, is decided in Moscow, in the Gosplan [State Planning Committee] and Minfin [Ministry of Finance] of the Union. Many decades ago we proclaimed the right of the union republics to dispose of their own budget, but we did nothing in practical terms so that that right could be implemented.

The fear of union bodies of government retaining powers in the area of finances derives from the situation shaped over previous decades in which the USSR Supreme Soviet was actually removed from authentic legislative activity, and in actuality the laws were "written" and adopted by the executive branch. Under those conditions, the interests of the republics in union bodies were not actually represented, and that is why many of the decisions made, even those that were most progressive from the standpoint of nationwide interests, often

inflicted economic damage on the republics or individual regions. It would seem that that kind of practice has now been shattered, and we will build a new type of supreme government in the country—a USSR Supreme Soviet which will reflect or at least is supposed to reflect the true interests of each union republic in particular and of all them together.

When they proclaim the state sovereignty of the republics within the Union of SSR, the people's deputies of those republics are at the same time adopting articles in the declaration concerning the supremacy of the republic's laws over nationwide laws over the entire territory of those republics. It is not clear how that situation will work in practical terms in the context of the country's federal system. After all, any state's federal system presupposes in the financial domain a uniform monetary unit, the same principles at all levels concerning the structure of the budget system, regulation of the circulation of money, and pricing policy.

But the supremacy of the republic's laws over all-union laws presupposes that every republic can adopt its own monetary unit, with its own border and customs services that derive therefrom, and that, I am sorry to say, means that there is no longer a union of republics.

At the same time, even today many autonomous republics are adopting their own declarations in which they proclaim the supremacy of their laws over the laws in effect in the union republic. And where is the guarantee that tomorrow the oblasts and rayons will themselves not adopt such laws? The logic and the course of events suggest that this will in fact happen. We thus come to the point where every village soviet will adopt its own laws on taxes, on the circulation of money, and so on, without linking them to the legislation either of the Union as a whole or of the republic.

Sovereignty is a good thing. It means both the self-consciousness of nationalities and ethnic minorities and a powerful lever for boosting our entire economy. At the same time, it would seem that it is precisely here that we absolutely cannot allow any hastiness. In getting away from excessive centralization, it is very important not to go to the other extreme—localism and regional egoism.

The new Treaty on Union is being drafted at a very tense time. The consumer market is in disarray, and the deficit in the state budget and the domestic and foreign debts of the state have reached immense proportions. The transition to sovereignty of the republics, the adoption of new principles of budget planning at the center and in the republic must not only not aggravate the present situation in the financial domain, but must indeed become a powerful catalyst for strengthening the country's financial situation.

RSFSR Deputy Premier on Reform Goals, Relations With Center

904A0596A Moscow *EKONOMIKA I ZHIZN*
in Russian No 36, Sep 90 p 7

[Interview with RSFSR Supreme Soviet First Deputy Chairman Ruslan Imranovich Khasbulatov by correspondent V. T. Ivanov: "At the Turning Point"]

[Text] Russia is moving toward a market economy. Thus far, the path to it has not been a bed of roses. Our correspondent V. T. Ivanov talks with RSFSR Supreme Soviet First Deputy Chairman R. I. Khasbulatov concerning the problems being encountered in the course of the conversion of the republic's economy to market relations.

[Ivanov] Ruslan Imranovich, what is your assessment of the present economic situation in Russia from the standpoints of both a state official and an economic scientist?

[Khasbulatov] My assessments from both standpoints are the same. The situation in the republic was rather complex even in the past. And it continues to remain so today. We have not yet been able to stop the decline in production. Crises in our economy are even growing. Production volume is decreasing in practically all of the leading sectors of material production.

The tension in the consumer market is not abating. Consumer goods production quotas are not being satisfied. Prices and inflation are growing, and recently the quantity of housing, schools, hospitals, clubs and cultural institutions being placed into operation has been decreasing.

Problems in interethnic relations have wound themselves into a large knot. Labor discipline is falling. The number of crimes committed in the republic is large, and it continues to increase. Of course, all of this is having a bad effect on the way the people feel; it is causing them anxiety, a sense of instability and lack of confidence in tomorrow, and psychological discomfort. We understand this well, as also the fact that these trends did not come into being just yesterday, and that it is extremely difficult to turn them around in a short time. The force of inertia is too great.

[Ivanov] Yes, the force of inertia in the development of many processes is in fact great. Let's look at the structure of the Russian Federation's economy. Priority has traditionally been given in it to the heavy industry, raw material and fuel sectors. Such was the policy when it came to distributing productive forces. What it has led to is obvious to all. But this "heavy" structure of the republic's economy tends to perpetuate itself. Are there any plans in the republic to develop some sort of measures directed at "lightening" the structure of the economy, and amplifying its social orientation?

[Khasbulatov] Yes, Russia's national economy has in fact been traditionally characterized by domination of heavy industry, raw material production, fuel and energy

sectors, while industry creating consumer goods has constantly been behind. It would be sufficient to say that consumer goods make up less than 25 percent of the total industrial production volume. This disproportion has always made itself known, but it is revealing itself with special gravity today, in this time of economic crisis.

Of course, this disproportion has to be eliminated, and the entire structure of the economy has to be radically transformed. There is no doubt that this is so. We have planned specific measures by which to achieve these transformations. They were discussed on several occasions in statements by RSFSR Supreme Soviet Chairman B. N. Yeltsin. Serious attention was devoted to these problems in program statements of Russian Prime Minister I. S. Silayev during the First Congress of RSFSR People's Deputies.

The government is currently working on programs calling for major structural changes in the republic's economy. Their intention is to direct a large part of accumulated resources and capital investments into the development of sectors involved in consumer goods production, the processing of agricultural products and public services in the course of the national economy's technical reconstruction.

At the same time—and I would like to lay special emphasis on this—we cannot allow disintegration and desolation in the "heavy" sectors. The republic cannot live without developed machine building, you see, without raw material extraction, without fuel production and so on. This is why when we drew up the programs for reconstruction we tried to avoid extremes and vacillation, and why we are actively seeking optimum variants for the function of the entire economic system in the complex.

We attach special significance to accelerated development of market relations in support of the structural changes. I am referring to the need for making wide use of different forms of property ownership, of competition in the economy, and of the mechanisms of production regulation based on financing and credit. With the help of the market we hope to substantially undermine the monopoly and dictate of administrative departments, and create conditions for optimum interaction between production and consumption.

It is very important from our point of view to change the reference points in investment policy. Take at least the following issue as an example. There are many construction projects on Russia's territory that were started long ago—"dolgostroi." It would be sufficient to say that the volume of unfinished construction on Russian territory is estimated today at approximately 120 billion rubles. What do we do with these construction projects? Suspend them, is what people usually say. But we have other approaches to solving this problem. We feel that these construction projects should be leased out. By leasing them, we feel we will not only be able to rid the republic of departmental "dolgostroi" but also place facilities in

which we are vitally interested into operation quickly. The republic's government is currently working on these issues.

We intend to attract foreign capital in support of the structural transformations. This is our fundamental position. We are prepared to offer advantageous terms to foreign investors, and provide state guarantees on their capital investments. There is one other point I would like to emphasize. Today, foreign firms are cooperating primarily with our large enterprises and organizations. We want to interest them in developing relations with small enterprises and leasing collectives as well, so as to help them get on their feet and grow strong. Foreign businessmen have made a number of proposals in this regard. They are being studied attentively by the government.

[Ivanov] Discussing structural changes in the Russian economy, we can't avoid the problem of agriculture.

[Khasbulatov] I agree with you entirely. The position in Russia's agriculture is very grave. Especially in its social sphere. Naturally, we can't condone this. This year our rural laborers grew a record harvest. It is extremely important to gather, preserve and process it in time. However, according to reports from the countryside most of the republic's regions lack fuel, spare parts and motor transportation, and food products are often stored beneath the open sky. What is this the result of—the sluggishness and carelessness of local organs? Probably so in many respects. But I think that this is only the tip of the iceberg. The causes lie deeper. They are rooted in the system itself of our agrarian relations. For decades we have kept the peasant apart from the land, transforming him in reality into a day worker. Wherever an owner's interest and enthusiasm are lacking, orders, commands, pressure and angry words take their place. As far back as I can remember, news from the fields has always recalled war news releases: "mobilization," "number one readiness," "the front," "the battle," and so on. Clearly such a system in agriculture, and in any other sector of the economy, invariably generates indifference, irresponsibility and parasitism. We want to radically change this situation, and primarily we want to resurrect an owner's attitude toward land in the peasant, and spark his interest in the results of his own labor. The first steps have already been made in this direction. Some new approaches to solving this problem were presented in the recent address by the chairman of the RSFSR Supreme Soviet and in government decrees. In particular there are plans for introducing payment for products provided above and beyond state orders with coupons guaranteed to be redeemable for consumer goods, sale of surplus products to all consumers at contracted prices, and a number of other measures.

We view these measures as elements of the general program of radical transformation in agriculture, currently being written.

[Ivanov] Could you describe in greater detail the principal "load-bearing structures" of this program?

[Khasbulatov] As we know, the problems of our rural areas were discussed very keenly during the First Congress of RSFSR People's Deputies. A decree was adopted recognizing the need for convening an extraordinary congress of the deputy corps in order to develop and adopt decisions on the most important policy issues of the economy's agrarian sector. Serious work is currently being done in this direction. A number of documents requiring creation of the economic and legal principles of radical change of land relations and land reform have been drafted. Among them is the Law on the Peasant Farm, published in the 28th issue of your newspaper. Recently we published the draft RSFSR Land Code and the draft Law on the Peasant (Farmer's) Farm. These documents spell out our fundamental approaches to restructuring agrarian relations in the republic. The basic provisions of these documents are being supported by many scientists and agrarian specialists. But what is worrying us? The mechanism by which the laws are to be implemented is not as yet clearly established in these drafts. And from my point of view a well-tuned mechanism by which to implement a law is no less important than the law itself. Why, after all, are so many good laws adopted by the USSR Supreme Soviet on the skirts? Primarily due to insufficiently deep analysis of the question as to how a particular law would function in real life, and as to what influence it would have upon different strata of the population. We do not wish to repeat such mistakes.

I think that in September we will have a sufficiently well written variant of the program for restructuring agrarian relations. But there are some things that I would like to make note of right now. From my point of view, we need to take the path of creating a competitive mixed economy in agriculture as well, one based on wide use of different forms of property ownership, and on the laws of the marketplace. I wish to be understood correctly. I am not opposed to kolkhozes and sovkhoses. Why dismantle strong farms if they produce an income and provide good living conditions for the people? However, the unprofitable enterprises that have been subsidized for decades need to be converted into peasant and farmer's farms, and transferred to leasing collectives. They are of catastrophically small numbers in our republic. There are still many obstacles on the path of their creation. Party and soviet organs do not always support formation of such farms. Nor has the legislation been adequately developed yet. And directors of unprofitable farms are far from the most progressive force in the efforts at transformation. And of course, fundamental transformations in agriculture would require investments, the experience of world civilization, and progressive technology. We need to fundamentally alter our attitude toward solving the problems of improving rural culture, medical services, education and the entire social sphere.

[Ivanov] Ruslan Imranovich, much is now being said about the need for creating an all-union market. Now

that Russia has adopted its Declaration of Sovereignty, apprehensions are being expressed that such measures would lead not to its creation but to the undermining of existing ties, and to national isolation. What is your position in these issues?

[Khasbulatov] Well, first of all I would like to say that the economic reform in Russia has generally been coordinated with the USSR government and with the president of the country. At the same time I would like you to take notice of this fact: Some people are now trying to say that this agreement is a separate treaty by Russia with the central government. And that in becoming a party to such a treaty, Russia has no concern at all for the interests of the other republics. This is of course not so. In our negotiations with both the central government and the republics we lay priority namely on republic interests. This is the basis of our fundamental approach to forming the future economic order of a renewed Union.

What is it that we propose? Our intentions are as follows. The central government enters into negotiations with the republics one at a time. As a result an agreement is reached taking maximum account of state-wide and republic interests, while the overall approaches to implementing economic reform are supported through republic legislation. Such an approach appears sufficiently flexible to us. The central government ceases to be the sole bearer of the responsibility for reform. At the same time, the role of the republics in implementing economic restructuring rises, and their responsibility before their people for its results grows.

I personally see nothing in this approach that smacks of national isolation. On the contrary I think that by taking this path we can make some real progress toward creating a union-wide market.

[Ivanov] All right, but how in this case do we interpret the declaration that the republic's laws have priority over laws of the USSR?

[Khasbulatov] The idea that the laws of the republic have priority over the laws of the USSR does not contradict the approach I discussed above. After all, if we attained agreement with the central government or another republic on certain matters, then the choice of the path by which we would fulfill our obligations would be our own sovereign right. No one, no union ministry, no union republic department or government has the right to tell us what we are to do, and how we are to do it. All of our practical and organizational activities must be based on our own laws.

[Ivanov] But if the central government finds that a certain law adopted in a republic conflicts with statewide interests, and if it repeals it or limits its action, what precedents are there to fall back on in Russia, how in this case would the republic leadership proceed?

[Khasbulatov] Well, I feel that whatever the case, we will still have to work toward agreement, and seek mutually

acceptable paths for resolving the issues. At the same time I would like to emphasize that in the same way as with ukases of the republic's Supreme Soviet, the republic's laws are adopted not at the will of a single individual or a group of people, but in the name of the peoples of the republic. This is why repeal or limitation of the action of the republic's legislative acts without discussion, without consultation, can be assessed as nothing other than a return to the obsolete command methods of leadership. There is no other way that I can define such actions.

[Ivanov] Much is being said today about the fact that Russia intends to convert to a market economy in 500 days. There is even a special program that has been named so. Can you comment on its essence?

[Khasbulatov] Well, let me say a few words about the term itself. Of course, no one here claims that this is some sort of all-encompassing program written out for 500 days into the future and precisely detailing what is supposed to happen each day. The program concerns itself only with principles, with approaches, with approximate deadlines. The only firm objective stated by the Supreme Soviet is the need to seriously revitalize the economy. The government is currently working on the program directed at attaining this objective.

This work is now coming to its conclusion, and of course the government program will be discussed in September. But rather than wait for the discussion to begin, we are already starting to introduce those elements of the marketplace that are recognized by all as being necessary. Five hundred days is a tentative deadline. But we are planning conditional goals within this framework. In the first stage we must analyze the problems of our economy and surmount the crisis. In the second we need to improve the situation of the people, albeit slowly at first.

Economic Backwardness of TaSSR Blamed on Republic's Own Policies

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[Article by Candidate of Economic Sciences Viktor Peravedentsev, senior scientific associate of the Institute of the International Workers' Movement, USSR Academy of Sciences: "To Withdraw From the Brink"]

[Text] To say that Tajikistan is experiencing a crisis is not saying much. Where are you going to find a union republic today that is not in a crisis? It's all in the duration, depth and acuity of the crisis phenomena.

Central Asia is the country's most retarded economic region, and the Tajik SSR is not the most developed republic of Central Asia. It is truly the "Cinderella" among the "15 step-sisters." It is the only union republic in which the majority of the population lives below the poverty line (even if we adopt 75 rubles monthly per-capita income as this line). No matter what we take as the indicator of well-being, we find the republic to be far

behind not only the leading union republics but also the very modest average union level. Moreover this gap is swiftly increasing.

The reader can certainly recall that an uprising occurred in Tajikistan's capital city Dushanbe in February of this year; martial law was still in effect in the city in late May, when I was writing this article.

Irrespective of what forces organized this uprising, what goals were posed, and what motivated the demonstration by the rank-and-file participants of the events (competent organs are looking into all of this), I will risk asserting that acute, massive displeasure of the indigenous population with life—with its level and conditions, and with the decline in the standard of living, was the cause of the disturbance. Under normal conditions, Dushanbe's population of 600,000 would not have noticed the arrival of a few dozen Armenians from Baku. Anything might have touched off the explosion.

Many people living outside Central Asia know practically nothing about it. One encounters totally fantastic ideas about it, worthy of the tales of Sheherazade. I chanced to hear even from future people's deputies of the RSFSR—at their meetings with future voters—that Central Asia is supposedly living in luxury, and of course, at Russia's expense. Therefore let me provide a few facts.

Tajikistan is Central Asia's smallest union republic in territory, with a swiftly growing population (143,000 square kilometers and 5,248,000 residents as of the beginning of this year). Almost the entire population is concentrated in hot crowded valleys (7 percent of the territory). This is the country's most rural republic (67 percent of the population lives in kishlaks); moreover its land reserve is extremely small, and the rural population is growing much faster than the urban population. Industry is extremely poorly developed. Cotton enjoys unshared domination in agriculture. Unemployment is high, and it is growing fast. Large families and an extremely low standard of living are typical. Because of migration from rural areas, labor productivity in agriculture is declining. The staple diet of most of the population consists of wheat flat-cakes and tea. Market prices on the principal foodstuffs have been growing swiftly in recent years. Outflow of persons of European origin from the republic began in the mid-1970s, and it is increasing fast. In 1989, net emigration was over 19,000 persons.

The question many naturally ask is this: "Who is to blame?" Who is to blame for the republic's current impoverished situation? For the drop in the standard of living? For the enormously high child mortality? And finally, for the fact that light cannot be seen at the end of the tunnel?

The people thirst for simple answers. And there are those who toss them out.

Well of course, "Moscow is to blame!" Why? "Because it hands down stiff plans," "it established cotton as a

monoculture," "prices on our products are too low," and so on. I am not at all about to say that Moscow carries no blame for the situation as it now stands. The authoritarian administrative system is to blame, but its functionaries in Dushanbe are just as bad as those in Moscow. Is Moscow really the obstacle to introducing real leasing and private farming into Tajikistan—a topic I will discuss in greater detail below? Is Moscow really the obstacle to allocating normal private plots to rural residents? Was it Moscow that gave the orders to hack down the vineyards growing table and seedless varieties with the excuse of fighting drunkenness? All of this, and many other things, are local, internal creations. And if the republic still lacks a plan of socioeconomic development, is this also Moscow's fault?

"If our cotton were to be sold at world prices, the republic would be bathing in gold!"—I have heard exclamations such as this many times. Whenever I did manage to get some discussion going about this, I quickly found that my friends had fuzzy if not fantastic ideas not only about world prices but also about cotton production in the republic. Economists of the State Agroindustrial Committee are of course well informed about cotton in the republic. But they are not all that well informed about the situation in the world market. "Let's figure it out," they said to me. "A ton of cotton costs \$7,000." "Excuse me, but where did you get that figure?" "We know it to be true." "But if you check the BIKI (the Foreign Commercial Information Bulletin), you would see that it is several times cheaper." "We know the prices. Let's multiply our 300,000 tons of cotton fiber. How much would that be? Here! Going on, a dollar is worth 20 rubles." "Excuse me, but where did you get that?" "Well, that's what it is in the black market." "But why do you think that it will be the same in the 'white' market as in the black market?" "How could it be otherwise?"

I checked the prices in the world market. In fiscal year 1988/89 the USA exported 1,492,000 tons of cotton fiber. It received \$2.59 billion for it. Consequently the average price of a ton of cotton was \$1,379. Five times less than imagined by the people I spoke with—economists working for the agroindustrial complex. Egyptian long-staple cotton is more expensive, of course, but Tajikistan produces small quantities of such cotton.

And then the myth that the "center" is plundering the republic, that Russia is living at Tajikistan's expense, has begun circulating in the republic. How is a person without an education in economics to understand that this is nonsense!

I think that as long as prices on everything in our republic are distorted so disgracefully, it is meaningless to argue who is living at whose expense. Besides amplifying interethnic frictions, this will do nothing for us. When the union republics acquire economic independence, everything will become absolutely clear. I have no doubt that the other union republics need to help Tajikistan. The lowest standard of living in the republic is the

result of the state of the republic's national economy. Let me provide the simplest and most comprehensible example. In the country as a whole, there is one welfare recipient for each person employed in the national economy, while in Tajikistan there are two and a half. In order for the average standard of living in the republic to be equal to the union average, labor productivity in Tajikistan would have to be almost double the union average (under otherwise equal conditions). But in reality it is even lower. How true it is, that "the way we live is a reflection of the way we work."

Some day, historians will learn why the republic's life deteriorated to such a level. For the moment, however, without going into the causes and the culprits, we need to take immediate steps to rectify the situation, to withdraw from the brink to which the republic was pushed by the February uprising.

Highly qualified blue collar workers and specialists are leaving the republic. Serious additional difficulties are arising in industry and construction. Some areas of production have been temporarily shut down. The level of production is falling.

I was shown the draft "Conception of Self-Management and Self-Financing of the Tajik SSR." When I cautiously noted that the document was half-baked and that many of its provisions contradicted each other, I was told: "But how could it be otherwise?! This draft was brought together more or less mechanically out of four others that strongly conflicted with each other." In regard to some of the most important issues of the republic's future, its leading economists with whom I was able to talk adhere to different opinions. The "Rastokhez"—an influential informal organization of the popular front type—holds unique positions in regard to a number of issues. "Rastokhez" is a word of many meanings; its leaders translate it as "rebirth." I had the opportunity to attend a briefing of one of its leaders to a select audience. The impression it left me with was very contradictory. On one hand according to the speaker this organization supports perestroika, and many of the provisions declared in its program clearly promote perestroika. On the other hand this program also contains a point such as this: "curbing excessive migration of the population into the republic from beyond its borders." When the speaker was asked from the audience what this meant specifically and how this was to be achieved, the speaker replied: prohibit registration of new arrivals; just like in Moscow, where registration has been prohibited for a long time.... Now there's perestroika for you! Not to mention the fact that the proposal is meaningless—the republic is already experiencing a large and quickly growing net outflow of its population, which can lead to grave economic results, since the republic is losing qualified personnel it already lacks.

Two enormous practical problems are facing the republic, and quickly growing more acute: How are the people to be fed? How is the employable population to be provided work?

The present ration of the average inhabitant of Tajikistan is extremely meager. Here are some official statistics, and let the reader judge for himself:

Food Consumption in 1987 (kilograms per capita)

	USSR	Tajik SSR	Tajik SSR as a Percent of USSR
Meat	64	31	43
Milk	341	159	47
Eggs (each)	272	112	41
Fish	18	3	17
Sugar	47	28	60
Vegetable oil	10	11	110
Potatoes	105	34	32
Vegetables and melon crops	100	89	89
Grain products	132	173	131

We will leave aside for the moment the fact that meat includes both lard and by-products (heads, legs, offal). We are interested primarily in the ratios. In regard to the most valuable products of animal origin, the average inhabitant of Tajikistan is provided for two to two and a half times worse than the country's average inhabitant. Moreover in Tajikistan, as in other places, there are many people who eat inordinate amounts—that is, they consume more than 100 kilograms of meat, over 300 eggs and so on annually. What is left for the rest? And then, what about the 159 liters of milk per year? This, you see, includes butter, cheese and many other things expressed in units of milk. What this means is that most children, pregnant women and nursing mothers go with practically no milk at all.

There is no information in the table about consumption of fruits and berries. This is because Tajikistan's State Statistical Committee doesn't provide this information. They're embarrassed to do so, apparently. Judging from how much is produced in the republic and considering exports to other republics, it may be supposed that their average internal consumption is far below the medical norms. Even vegetable consumption in Tajikistan is below the union average—who could have thought that! Especially after visiting the cornucopious summer and autumn Central Asian markets?

As the reader can see, the diet is extremely meager and deficient. Hence the poor health of the population, the anemia suffered by the majority of women, and the high incidence of illness and low viability of children. According to official figures, in recent years, 49 out of every 1,000 newborn infants have died in their first year of life—a shameful figure by today's standards. But well-informed medical specialists assert that these data are extremely understated. If a child born in a kishlak dies soon after, he often fails to be recorded in both birth rate statistics and mortality statistics.

Why is the food situation so bad in Tajikistan? What obstacle is there to its production? Can it emerge from its presently difficult and almost catastrophic position? And if so, how?

The simplest and most superficial answers to the first question are these: lack of land, and cotton monoculture. But the simplest and most obvious answers are not always correct. Is the food supply to the public really all that good in places where land is plentiful and cotton isn't grown at all—in the Russian Nonchernozem for example? Obviously the answer lies in something else.

I am certain that when we make our transition to a market economy, when state orders for cotton disappear, and when farmland use planning from above in its present form disappears altogether, cotton will remain the principal field crop of Tajikistan.

Cotton is not just an industrial crop and a source of fiber for fabric production, as people who have little to do with cotton usually think. It is a mighty, complex crop which provides—besides cotton—vegetable oil (which supports all of Central Asia), concentrated feed for farm animals known as oil-seed meal (cotton-seed cake), a very important component of mixed feeds, and finally, fuel (the dry stems). In Tajikistan, the average yield of raw cotton has been holding stably at 30 centners per hectare. This is a ton of cotton fiber and 2 tons of oil-bearing seeds. The products can be stored safely for a long period of time, and they are easily transported. In terms of income per unit area, cotton has perhaps no serious competitors among other field crops. Cotton yields may be increased considerably. In the opinion of the well-known Tajik breeding expert Muso Dzhumayevich Dzhumayev, cotton production in the republic could be increased while noticeably reducing the planting area. Moreover what reasonable independent cotton farmer is going to plant cotton on rocky ground if he isn't forced to do so? With normal cotton-alfalfa crop rotation (which cannot be introduced because of the pressure of orders from above!), a large amount of fabulous alfalfa hay could be obtained: In the Tajik climate, alfalfa can be mowed five or six times a year!

Now let's talk about the land shortage. In late 1988 the republic had a total of 857,000 hectares of farmland, including around 700,000 hectares of irrigated land. This is extremely little even for the republic's present population (5.2 million as of the beginning of the year)—16 hundredths of total farmland per person, and 13 hundredths of irrigated land. And the population is increasing swiftly (by 34.4 percent in the 10 years between the censuses). The possibilities of expanding both total farmland and irrigated land are insignificant, and they are being quickly exhausted. It is all the more important to intensify production and to increase the amount grown per unit area. But this is not happening. And not at all because it is impossible. There are at least

three very promising and practically unutilized directions for raising the effectiveness of agricultural production—private plots (*lichnoye podsobnoye khozyaystvo*), leasing and private farms (*fermerstvo*).

In all the long time I have known the republic, I have always been astounded by the skimpiness of the private allotments. The average rural family consists of seven persons, and the average farm plot provided for its own use is seven hundredths—a hundredth per person. This is much less than is provided for by our land law (15 hundredths of irrigated land for the family of a kolkhoz farmer, and 10 for sovkhoz workers) and even that, I think, is not a figure "carved in stone"; it has long become obsolete, and it fails to satisfy current requirements. Wherever you go, you find plots that had been allocated some time ago to one family now being used by three or four large families. The son grows up, gets married, and builds his house on his father's plot, because he is never allotted his own. Then comes a second son, and then a third.

New private plots were practically never allocated prior to the beginning of perestroika. According to data of the republic land management administration, only 5 hectares were allocated in 1984, even though the authorities were inundated by enormous numbers of claims for new private plots. A turning point began to take shape in 1985: As many as 60 hectares were allocated. Then, 248 were allocated in 1986, and as many as 1,644 hectares in 1988, including 850 hectares of plowed land. In 1989, even more land was allocated. But this is not even enough to maintain the previous beggerly level of availability—in 10 years, you see, the rural population has increased by a million, or by 39 percent.

In the meantime the "private" hundredth provides many times more foodstuffs than the same parcel of kolkhoz and sovkhoz land. By not less than 10 times, according to all local farmers with whom I spoke. And one old Uzbek from the Dushanbe area, with whom I spent a day riding in the same car, launched into a tirade when I asked him if it were true that private plots produce 10 times more: "What do you mean, 10 times!! I myself receive 5,000 more for just early cucumbers alone! Do you think a kolkhoz could ever receive so much from a hectare?!"

This Uzbek's plot was sizable when he first received it—12 hundredths, but now it accommodates four families, including three large families (those of his sons). But the family clan receives its main income from flowers. It grows roses. "Now in October there are no longer as many flowers. Each morning we cut 150-200 buds. But in the summer we cut 500-600 each day." When a large trunk's worth is collected, the flowers are shipped to the north, to large cities in Russia, where they are transferred to middlemen. Roses, as the reader should know, always fetch a good price.

My fellow traveler was on his way to another Central Asian city to buy a second-hand Volga—he had made a

deal through his relatives. There are two Zhiguli's for four families, but this was not enough.

Still, figures of this kind are probably an exception. But once I read in *KOMMUNIST TADZHIKISTANA* that a hectare farmed by contract provides 2,000 rubles income per year, while a "private" hectare provides 15,000. Consider also the grape yield of 1989: In the kolkhozes it was 42 centners per hectare, in sovkhoses it was 62, and on private plots it was 170 centners.

Workers of the State Agroindustrial Committee and agricultural science do not believe that the private hundredth provides a tenfold advantage. In their opinion private land provides an average of four or five times more income than public land. Because, besides resourceful and hardworking people, there are also those who just grow a few vegetables for themselves, and grow alfalfa or wheat on the rest of the land.

Whatever the case, the private plot provides over a third of the republic's meat, half of its milk and more than half of its fruits and berries.

The question I asked of many agricultural and other executives, scientists and other workers was this: Why are the republic's rural residents not being provided their normal private plots? Almost always the answers were of this sort: "We don't have the land," "We have too little land," "We can't just throw the land out for grabs!"

Land is of course in short supply. But still, not to such an extent that rural residents must be deprived of their normal allotment of orchards and gardens. In late 1988 there were 36,200 hectares of land privately farmed by kolkhoz workers and by blue and white collar workers (including urban workers), which was 4.2 percent of the republic's farmland. And what would things be like if each rural resident was given two or three hundredths of private farmland instead of the current one hundredth? What if just 10 percent of the private plots were farmed? If there were one private hundredth working for every five kolkhoz hundredths, clearly a significant, practically simultaneous increase would occur in production of foodstuffs that are so scarce in the republic. The private plot would become even more productive than it is today. Prices in the republic's kolkhoz markets, which are swiftly racing upward, would fall. Significantly larger quantities of southern fruits, vegetables and high quality grapes, which cannot be obtained in any other regions of the country, could be exported to them. And the income from this could be used to bring in more livestock products into the republic (the republic produces only around two-thirds of the meat it consumes, even at today's meager ration).

Creating favorable conditions for private farming is a real, major, readily available reserve of raising productivity and increasing the welfare of the population. I was very happy when Minister Ikram Inoyatovich Kurbanov, first deputy chairman of the republic's State Agroindustrial Committee, said: "We will allocate land for private

plots." But at the other levels of administration, even among the kolkhoz chairmen with whom I was able to talk, the mood is different.

"In Uzbekistan they give rural residents good land—up to 25 hundredths of irrigated land," I said. "You can't compare us with Uzbekistan," they reply, "they have a lot of land."

In the eyes of the indigenous inhabitants of Tajikistan—Tajiks and Uzbeks, land is something of the greatest value, being comparable to nothing. Had the republic seriously begun allocating land to its farmers and keepers last fall, the February uprising in Dushambe might never have occurred.

The second reserve for dramatic growth of agricultural production in Tajikistan is leasing. In formal terms, more than half of the agricultural land and almost half of public farm animals have been leased out. But in reality, as far as I can judge, this is not leasing but some sort of primitive contracting, in which "leaseholders" are under the complete and unshared dominion of kolkhoz chairmen, sovkhos directors and brigade leaders. A "leaseholder" can't lift a finger on his own. Here in my opinion is a typical example from a suburban kolkhoz I visited. A small team leased around 40 hectares of land that was unprofitable to the kolkhoz. There is an apple orchard on this land. In order to obtain a respectable harvest, the land between the trees had to be worked. "Don't you dare!" the chairman said. "Instead, cut the grass between the trees and give the hay to the kolkhoz." Then the leaseholders came up with the idea of planting alfalfa on a small plot. For 2 months now they have not been able to get a tractor from the kolkhoz in order to plow the plot, and the best planting time has long passed.

Participating in the Aral-88 expedition in fall 1988 with the well known economist and publicist Vasilii Selyunin, I made an attempt to find at least one real leaseholder in Tajikistan. We traveled the length and breadth of the republic, and never did find one. But according to the reports there were many of them. Alas, all of this was pseudo-leasing, a false front.

The third noticeable possible reserve of growth of agricultural production is the farmers (fermery), the private peasant farms. There are very favorable objective conditions for this in Tajikistan.

Over a period of several decades, mountain dwellers were forcibly moved to the plains. As they now diplomatically say, "with elements of violence." The last stage—resettlement of Yagnobtsy (descendants of the republic's ancient pre-Tajik population) in the Golodnaya Steppe—occurred before my eyes. I can testify personally that they were resettled both with force and with deceit. When I tried to find out why people were being moved from a flourishing high-mountain plain into a desert with extremely difficult climatic conditions, the main argument was like this: The Yagnobtsy are of no benefit to the state, they live solely for themselves,

they have a lot of sheep, and they are of no benefit to the republic, so let them grow cotton.

The result of resettlement was that vast mountain territories with favorable living conditions were emptied, depopulated. More than 3,000 mountain kishlaks—small in their overwhelming majority—disappeared. Abandoned farms and gardens were everywhere. All of this land consisted of tiny, isolated plots, which it is very hard or even impossible to form into kolkhozes and sovkhozes. We do not have any modern agricultural equipment that would work in mountains. Ordinary flatland equipment cannot work these former farms. They can only be worked with animals.

Old people who had been moved "with elements of violence" some time before yearn to return to their native kishlaks. Young people are less enthusiastic, but even among them, there are those who wish to move into the mountains. Here you have ready-made future farmers, who love the land and who are highly skilled in their work. All that is needed is to allot land to the people and award them the legal status of farmers. But no. "We have no private farmers in our country. And there will never be any. We don't need them!"—was the resolute and uncompromising reply given to my question by Amin Odinayevich Odinayev, chief of the kolkhoz and cooperative affairs administration of the republic's State Agroindustrial Committee.

Were I to have my way, I would not only allot land plots to the future farmers, but also provide them a share of the resources belonging to the flatland kolkhozes, where they had grown cotton for so many years. This would only be just, and it wouldn't cost a farthing more. And I would provide transportation, and I'd help with construction materials. "No," they tell me. "Those desiring to return to the mountains may be allowed to go. They are no longer needed in the valleys. We don't know where to find work for them. But if they want to move, let them do it on their own, as best as they can. They earned money growing cotton—let them spend it."

Believe me, dear reader, I have listed far from all of the reserves for improving the republic's agriculture! The possibilities are very great. And many in the republic understand this well enough. And they themselves would like to utilize these reserves in the most active fashion, to "move perestroika forward." But they are not being allowed to do so. The resistance is fierce, I would say. And the more persistent the champions of perestroika get, the fiercer the resistance. For several years now Muso Dzhumayevich Dzhumayev has been unable to win a collective contract. He is a very active person, a go-getter. But the harder he pushes, the harder he is pulled: "For every action there is an equal reaction" holds true.

Honestly speaking, I can't see any real signs of perestroika in Tajikistan. On the other hand I do hear a lot of talk about the "center," Moscow and the Russians being to blame for the republic's woes.

The February uprising frightened many in Tajikistan. It appeared to me that conservative sentiments are very strong in the republic, that they have grown in intensity, and that many would wish to turn back the clock, to the way things were in the times of stagnation. The opinion that it would be desirable to reestablish the Ministry of Agriculture is being actively circulated in the State Agroindustrial Committee. And some ministries have already been reestablished. The republic's former Supreme Soviet Presidium undertook the following actions literally in the last week of its existence: It eliminated the State Committee for Construction and Architecture and immediately created the Ministry of Urban Construction, the Ministry of Rural Construction and the State Committee for Architecture. Propagation by budding, so to speak. And is all of this the fault of the "center"? As far as I know, the "center" is reducing the number of ministries, and in general it wishes to eliminate the overwhelming majority of them. The "arguments" I have heard in favor of the birth of the "trinity"—that management of construction will improve, that ministries had existed before, and that this was the rebirth of the best means of managing construction—did not persuade me, to be honest. They are no more persuasive than suggestions that good "work" stations—prestigious and highly paid ones—needed to be created for "good people"—something I also heard on several occasions. There are administrative regions in the country in which the population is larger than in Tajikistan, and—if you can believe this!—construction is proceeding no worse than in Tajikistan—without any kind of ministries and committees.

As you walk through the center of Dushanbe, you see nothing but one vazirati after another. The Tajik word for minister is vazir, and correspondingly, vazirati is the word for ministry. I would like to know what the two new ministries are going to cost the poverty-stricken republic: What will it cost to support the ministers, their numerous deputies, offices, vehicles, chauffeurs, and all the rest?

It was a warm spring Sunday when I visited the Exhibition of the Achievements of the Tajik SSR National Economy. To my surprise I was the only visitor. Groups of animated young women working for the exhibition were conversing, knitting and laughing together in different places within the enormous pavilion. To be honest, I was unable to find any "achievements." On my way out I asked how many visitors there had been before me. Oh, there was one organized group of 20 persons, in the morning (I was there after lunch). I asked what sort of attendance there is on other days. About the same. But sometimes there are days when the ticket office takes in up to 20 rubles (a ticket costs 20 kopecks). Rarely, of course. And how many people work for the exhibition? This the nice women didn't know. They very graciously asked me to visit during the week, when the director would be there. On my way out I also talked with policemen providing security to the exhibition. With nothing better to do, they were very eager to talk. The

exhibition occupies 37 hectares of extremely valuable land next to the city center. Yet another false front that has safely survived 5 years of perestroyka.

And in the meantime the republic's food situation is worsening. The population is growing much faster than agricultural production. I don't know how much the "center" is to blame for agricultural stagnation in Tajikistan, but I have absolutely no doubt as to the blame

carried by the republic's leadership. And "the light at the end of the tunnel" is still not to be seen.

The problem of employment is most intimately associated with the republic's food situation. Unemployment is high in the republic, and it is quickly growing. And in the rural areas, in the opinion of some economists, three out of every four workers are unneeded. My hope is that the urban unemployed will receive assistance in the near future. And in order that rural residents could survive the next few years, they must be given land.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Use of Military, Labor Force Problems in Harvest Noted

Krivosheyev Interviewed on Use of Troops

904B0252A Moscow SELSKAYA ZHIZN in Russian
12 Jul 90 p 1

[Interview with Col Gen G.F. Krivosheyev, deputy chief of the General Staff of the USSR Armed Forces, by M. Zakharchuk: "Grain Battalions"; date and place not specified]

[Text] It has already been reported in the press that by decision of the USSR Council of Ministers military formations have been sent out to bring in the harvest. The TASS correspondent talks about this with Col Gen G.F. Krivosheyev, deputy chief of the General Staff of the USSR Armed Forces.

[Zakharchuk] Grigoriy Fedotovitch, tell us, please, how does the current harvest campaign differ from previous campaigns?

[Krivosheyev] Above all through a greater degree of difficulty. Say, we have already fulfilled the government decree with respect to the provision of the necessary amount of equipment to agriculture. As for personnel, there are great complications here. Only the "grain battalions" of the strategic missile forces are fully manned with drivers. Military formations from other branches of the armed services are manned with approximately one staff driver for every four vehicles. We will fill the "vacancies" with reservists through the military commissariats. And this, as you yourself understand, means additional difficulties. Male working hands are needed everywhere in the summer. But we have no other way. The army is being reduced and great problems are piling up in connection with the difficulties in the current call-up to the armed forces.

[Zakharchuk] You have just returned from Volgograd Oblast. Tell us the reason for this trip?

[Krivosheyev] There was a need to find out how the decree of the USSR Council of Ministers and the order of the minister of defense for the deployment of motor transport battalions were being carried out locally. I was accompanied by Col Gen V.F. Popov, chief of the General Transport Directorate; Lt Gen A.K. Nadolskiy, chief of the temporary staff for the harvest under the USSR Ministry of Defense; and deputy oblispolkom chairman A.N. Kravchenko.

We flew around many companies and battalions by helicopter. In general, there was a good impression from the organization of the work in the provision of services and amenities for military subunits and from the help that local authorities are providing soldiers. Also quite important is the fact that officers, noncommissioned

officers and enlisted personnel are willingly beginning and in some cases have already begun to take out the harvest. I emphasize this circumstance because the situation with respect to the armed forces has not been entirely favorable recently. It is a difficult time for the country and the soldiers, as they say, have forgotten about their not at all happy mood and plunged into the battle for grain.

[Zakharchuk] What forces have entered into the harvest campaign?

[Krivosheyev] We sent 50 motor transport battalions to the republics, krais and oblasts of the RSFSR and 10 to Kazakhstan. They have more than 30,000 trucks as well as rear-services subunits and repair shops. In short, everything needed for efficient and smooth work.

[Zakharchuk] I assume that there is much work to be done?

[Krivosheyev] I would say that there is a great deal of work to do. Take that same Volgograd Oblast. This year its laborers are expecting a record harvest and want to bring in 6 million tons of grain. They cannot resolve this task without our help.

[Zakharchuk] Grigoriy Fedotovitch, you made subtle mention of the not exactly happy mood of the soldiers and I want to ask you directly: How much longer is the army going to perform functions that may be very important but that are not really inherent in it?

[Krivosheyev] That question is not so simple that I could give a brief and definitive answer to it. I will say only that it is not for the good life that we are interrupting the combat training of our soldiers. Finally, in the economic sense as well, the involvement of military subunits in the grain harvest is not the least expensive matter. It is enough to recall that the utilization of a military vehicle in the harvest costs 2.5 times more than that of a civilian vehicle. Nevertheless, I repeat that we are forced to form "grain battalions." Otherwise the state's shortage in the granaries will amount to millions of tons of grain.

In conclusion, I would like to take this opportunity to appeal to all those who will be involved in this year's harvest campaign. Dear comrades, use the assistance of the military efficiently. We must not allow a repetition of last year's mismanagement, when idle time amounted to 300,000 machine-days because the work front was not provided with army drivers!

Suslov on Urban Support to Countryside

904B0252B Moscow PRAVDA in Russian 26 Jun 90
Second Edition p 1

[Article by V. Parfenov under "A Current Theme" rubric: "To the Countryside Again With a Shovel?"]

[Text] The USSR Council of Ministers passed a decree "On Additional Measures in Carrying Out Agricultural

Work in 1990." K.I. Suslov, deputy Gosagroprom chairman for the Nonchernozem Zone of the RSFSR, comments on this decision.

My interlocutor began the conversation with a proverb: "Every horse thinks that its cart is heavier than that of others." The cart of the food problem is indeed heavy for the rural "horse." It is applying all its strength but the "load" is growing from year to year. This is why the countryside cannot get along without the help of the cities. But we villagers are against sending thousands and thousands of citizens to the fields "in the nature of a written order" without at the same time giving them enough work. The organization of patronage must be restructured fundamentally.

There is an acute shortage of many machines in the period of the harvest. A significant share of peasants is employed in unproductive manual labor. But is it really possible to handle all the work in time by hand? The machine building plants must immediately and dramatically increase their output of machine systems and equipment not only for grain farming but also for the cultivation, harvest, processing and storage of vegetables. It is shameful to say it but only 15 percent of vegetable growing is mechanized.

Some time ago we purchased (again purchased!) Dutch equipment and machine units for potato growers. Each set makes it possible to plant, cultivate and harvest 50 hectares of potatoes without manual labor and with a minimum number of machine operators. Last year foreign technology was successfully tested in the fields near Leningrad. But they left the mass production of machinery to itself. Our machine builders have an unpaid debt to villagers here. One must no longer permit a reduction of the area planted in potatoes and vegetables. But this is happening in the nonchernozem and it is all because of the acute shortage of people.

School children and students carried a large load of work in the countryside in past years. As a result, the school year was shortened and the quality of instruction suffered. The flow of young people to the countryside has now diminished. At the decision of G.A. Yagodin, chairman of the USSR State Committee for Public Education, it was decided to organize trips of school children to the countryside only with the approval of their parents and trips of students only with their consent.

The main help of the cities to the countryside, of course, is not the person with a shovel and rake but the machine operator, the designer and mechanical engineer who create the equipment and the builder who helps to assemble everything necessary in the rural areas. This is why, as a forced measure, the Government of the USSR permitted the bringing in of inhabitants of cities and settlements—above all machine operators, drivers and students at VUZ's and tekhnikums—during intense periods.

This year, however, a number of restrictions will be in effect and it is planned to organize the interaction of rural and urban inhabitants on the basis of economic agreements. The kolkhozes, sovkhozes and grain acceptance centers will compensate the expenditures of patrons and pay 50 to 75 percent of the average wage of assigned people and their transport expenditures. Students of VUZ's and tekhnikums (other than graduating classes) will also supervise during their time away from instruction on a contractual basis.

As you know, every year more than 1.5 billion tons of output of fields and farms is produced at kolkhozes, sovkhozes and other agricultural enterprises. More than 1.5 million trucks are needed for their transport but agriculture and the republic motor transport ministries have a little over 1.2 million trucks. In accordance with a decision by the government, the remaining 300,000 will have to be brought in from other branches of the national economy. Drivers will be paid and receive bonuses from supplemental wage funds. So that the machine operators will work without interruption, it is necessary to improve the supplying of farms with fuel drastically. And requests for cars for hauling during peak periods of the harvest may be sent to railroad people not 45 days, as before, but no later than 5 days prior to the shipment of freight to consumers. Railroad people are now supposed to provide cars for sugar beets when the freight is presented, regardless of the previously established transport plans.

The harvest will not wait. The food problem can be solved through the efforts of the entire nation. As life shows, the countryside cannot get along without the cities.

Problems Around Perm

904B0252C Moscow PRAVDA in Russian 10 Jul 90
Second Edition p 1

[Article by L. Bagdatyev: "Did They Forget About the Harvest?"]

[Excerpt]

[passage omitted]

Perm—But it seems that they understand the extreme nature of the situation in the oblast in a one-sided manner. Just as in past years, the emphasis is being put on the help of the cities and industrial enterprises. Other specialists say that this has never yielded results but only erodes the already weak labor incentives of the countryside. And there is little benefit from urban patrons who are not interested in the results of labor. There is just one way out: they themselves must find helpers in the countryside, possibly completely renouncing part of what is grown in favor of those who gather and help protect what was grown from impending losses.

The rich harvest this year has exacerbated many problems. Such a problem, for example, as the drain of people from the countryside. The farms are now missing about

1,000 machine operators. And at the enterprises, there is less and less equipment or means of transport not involved in production. Under market relations, it will be ludicrous to send people to field work.

The situation that has developed in the oblast was also aggravated by the crisis in the leadership. It was precisely during these hot days that the chairmen of the APO were exchanged for deputy chairmen of the rayispolkoms for production. The main conclusion can be drawn today: as long as such extreme events take place, the countryside near Kama will not get stronger and the city will not receive as many products as it needs.

Kuzbass Complaint

904B0252D Moscow SOVETSKAYA ROSSIYA
in Russian 10 Jul 90 Single Edition p 1

[TASS article: "Kemerovo"]

[Text] The first stacks of fragrant hay have risen in the meadows of the oblast. The grass is just glorious this year. The brigade of Vladimir Medvedev from Vpered Kolkhoz, which is known in the region for the high yield of its fields and farms, is laying up fodder of high quality. Approximately another 60 links made up of rural machine operators are working at neighboring farms. But for the second year now, you rarely see tent camps of helpers from city enterprises in the hay fields. In Kuzbass, the support of the countryside by urban dwellers has declined sharply. Many vegetable plantings have not yet been weeded out. Nor are the patrons in a hurry with the mowing. But it is very difficult for rural laborers to lay up more than a half million tons of hay.

Krasnoshchekov Explains New Grain Sales Incentives

904B0294A Moscow SELSKAYA ZHIZN in Russian
14 Sep 90 First Edition p 1

[Article by N. V. Krasnoshchekov, Deputy Chairman of the USSR Council of Ministers State Commission on Food and Purchases: "On Stimulating the Sale of Grain to the State" For related material see JPRS-UEA-90-031, 30 Aug 90 p 51]

[Text] Supply levels of grain, a basic product, for the population depend directly on how much grain will be stockpiled in state granaries. It is this grain that is used to produce flour, bread and rolls, macaroni, confectionaries and other food products for the entire population, and all state industrial livestock-raising complexes are also supplied from this source.

Under this year's conditions despite the large grain harvest, grain procurement for state resources is being carried out at a slow pace. As of 10 September of 170 million tons of grain harvested only 48.7 million tons, or 56 percent of state orders, were directed into state resources. Even when the order is fulfilled, and this means 85.3 million tons, we will have to buy an additional amount of grain abroad.

Recently the USSR government took additional measures to stimulate the sale of grain to the state for the purpose of fulfilling state orders as well as in terms of above-contract obligations. At the request of SELSKAYA ZHIZN these measures will be discussed by N. V. Krasnoshchekov, Deputy Chairman of the USSR Council of Ministers State Commission on Food and Purchases.

[Krasnoshchekov] As we know, since May of this year procurement prices for grain sold to the state have risen. Their average level has increased by a factor of over 1.5 as compared to actual payments in preceding years. This has enabled us to considerably raise the profitability level of grain production. The cultivation of grain crops has become one of the most advantageous branches of agriculture.

In addition to this, incentive measures have been implemented consisting of counter-sales of material-technical resources to enterprises and of providing consumer goods that are in short supply to collectives of kolkhozes and sovkhozes, kolkhoz farmers and sovkhoz workers in return for the sale to the state of amounts above those stipulated in contractual agreements. About 25,000 automobiles, over 4,500 trucks, 5,000 heavy motorcycles, 100,000 refrigerators, televisions and washing machines, and 30,000 sewing machines have been allocated for this special purpose.

Moreover, in September the government sought to additionally allocate machines and building materials that were especially in short supply to be used in counter-sales for grain. This includes 5,000 Volga automobiles, crane trucks, Belarus tractors, agrograders, excavators, heavy bulldozers as well as cement, timber, rolled metal products, roofing shingle and others.

What kinds of norms have been created here for the sale of grain to the state in return for the aforementioned industrial goods? For the majority of goods such norms were confirmed in past years, and for the additionally-allocated machines—this year. Norms have been differentiated according to three groups of enterprises.

The first group includes Altay Krai and Novosibirsk, Omsk, Orenburg, Kokchetav, Kustanay, Pavlodar, North Kazakhstan and Tselinograd oblasts.

The second includes Belgorod, Voronezh, Kursk, Lipetsk, Tambov, Volgograd, Kuybyshev, Penza, Saratov, Ulyanovsk, Rostov, Kurgan and Chelyabinsk oblasts, Krasnodar, Stavropol and Krasnoyarsk krays, the Bashkir ASSR, the Tatar ASSR, the Ukrainian SSR and the Kazakh SSR with the exception of oblasts that are included in the first or third groups.

The third group includes the autonomous republics and oblasts of the RSFSR Non-Chernozem Zone, Astrakhan, Tomsk, Tyumen, Irkutsk, Chita, Amur and Kemerovo oblasts, the Kalmyk ASSR, Dagestan ASSR, Kabardino-Balkar ASSR, North Ossetian ASSR, Checheno-Ingush ASSR, Buryat ASSR, Tuva ASSR and Yakutsk ASSR,

Maritime and Khabarovsk krays, the Latvian SSR, the Lithuanian SSR, the Estonian SSR, the Moldavian SSR, the Belorussian SSR, the Georgian SSR, the Azerbaijan SSR, the Armenian SSR, the Uzbek SSR, the Turkmen SSR, the Kirghiz SSR, the Tajik SSR, and the Kazakh SSR: Alma-Ata, Chimkent and Dzhezkazgan oblasts, and the Ukrainian

SSR: Transcarpathian, Lvov, Volyn, Ivano-Frankovsk, Rovno and Chernovitsy oblasts.

In order to make the conditions of incentives more comprehensible we will present the Norms for Allocating Material Resources for the Above-Plan Sale of Grain to the State. (The table indicates the quantity of above-plan sales of grain in tons per unit of material resources).

	Group 1	Group 2	Group 3
MTZ tractor type	400	250	150
Trucks:			
—GAZ-5312, GAS-66, self-loaders on a GAZ-5312 chassis, special vans and other SAZ special machines, GAZ-3507	400	250	100
—UAZ-3303	250	150	100
—MMZ-554M, ZIL-131, ZIL-4314, ZIL-4415	500	300	150
—KamAZ-5320, KamAZ-54112, MAZ-5549, MAZ-5432, MAZ-53371, MAZ-509a, KamAZ-55102	700	500	200
Automobiles:			
—Volga	700	600	400
—Moskvich	500	400	300
—UAZ, VAZ, IZh and others	300	300	300
Buses:			
—PAZ and KAVZ	700	500	200
—RAF	500	300	150
Crane trucks:			
—With a capacity of up to 10 tons	700	500	200
—With a capacity over 10 tons	800	600	400
Road graders:	800	600	400
—Bulldozers on caterpillar tractors, weight class 10	850	700	550
—Excavators with a shovel capacity of 0.275 cubic meters	500	300	200
Lathes	250	150	100
KSS-2.6 silage harvesting combines	500	300	150
Ye-28P feed harvesting combines	700	500	200
Timber materials (per 1.0 cubic meter)	12	10	10
Roofing shingle (for 1,000 standard shingles)	10	8	8
Cement, bitumen (for 1 ton)	8	6	6
Steel pipes (for 1 ton)	8	6	6
Rolled ready ferrous metal (per ton)	7	5	5

The material-technical resources that are in especially short supply and that are allocated additionally (Volga automobiles, heavy bulldozers, crane trucks and road graders) will be allocated to those enterprises which sell grain to the state over the volume foreseen by the control figures for 1990 of the five-year plan and that implement the fulfillment of the state order confirmed by the USSR Supreme Soviet for this year. It will be possible to buy other types of industrial products if grain sales exceed contract agreements.

Counter-sales of consumer goods are implemented according to the following norms for the delivery of grain by enterprises above the volumes foreseen in contract agreements for 1990 (in tons per unit of aforementioned goods).

	Group 1	Group 2	Group 3
Automobiles	350	300	250
Heavy motorcycles	80	70	60
Refrigerators	25	20	15
Televisions	30	25	20
Sewing machines	20	15	10
Washing machines	20	15	10

In past years there were frequent cases in which enterprises, having delivered the necessary quantity of grain beyond the quota, were not able to acquire the necessary

material resources because such resources were not used according to their stated purpose. USSR Gossnab [State Committee for Material and Technical Supply] and its organs have been told to strictly make sure that such cases do not occur again.

In conclusion, it is essential to say that the technology and machines that have been allocated for counter-sales were earmarked for enterprises of other branches of the national economy and if the enterprises do not fulfill the conditions of grain sales these resources will be returned to their original purpose.

Members of Peasants' Union Central Council Listed

904B0250A Moscow SELSKAYA ZHIZN in Russian
30 Jun 90 pp 2-3

[Article: "List of Members of the USSR Peasants' Union Central Council"]

[Text]

Abdyraimov, Eshpolot—Chairman of Kolkhoz imeni Telman, Naukatskiy Rayon, Osh Oblast, Kirghiz SSR.

Abildin, Shakhizada—Director of Sovkhoz imeni Saken Seyfullin, Zhanaarkinskiy Rayon, Dzhzhzhkazgan Oblast, Kazakh SSR.

Abribodov, Sultonsho—Director of Rushan Sovkhoz, Rushanskiy Rayon, Gorno-Badakhshan Oblast, Tajik SSR.

Avgonov, Akhludin—Chairman of 50-Letiye SSSR Kolkhoz, Kabodiyenskiy Rayon, Kurgan-Tyube Oblast, Tajik SSR.

Azimov, Ruslan—Vice President of the Association of Peasant Enterprises, Kazakh SSR.

Aydak, Arkadiy Pavlovich—Chairman of Leninskaya Iskra Kolkhoz, Yadrinskiy Rayon, Chuvash ASSR.

Akyev, Dzhumamurat—Senior engineer of Kolkhoz imeni Kalinin, Sayatskiy Rayon, Chardzhou Oblast, Turkmen SSR.

Alipov, Kugan—Chairman of Kolkhoz imeni Tomin, Voseyskiy Rayon, Kulyabskaya Oblast, Tajik SSR.

Aliyeva, Khodiya Bayram kyzy—Brigade leader of a cotton-raising brigade in Kolkhoz imeni Chkalov, Agdzhahedinskiy Rayon, Azerbaijan SSR.

Annanzholov, Yeleubay Sibanbayevich—Director of Novoalekseyevskiy Sovkhoz, Ubaganskiy Rayon, Kustanay Oblast, Kazakh SSR.

Annageldyyeva, Ogultuvak—Brigade leader of a farming brigade in Sovkhoz imeni 22 Partsyezd, Kara-Kalinskiy Rayon, Turkmen SSR.

Andreyev, Dmitriy Grigoryevich—Director of Belorusskiy Sovkhoz, Pytalovskiy Rayon, Pskov Oblast.

Arbiyev, Magomed Aliyevich—Chairman of an agro-industrial union, Checheno-Ingush ASSR.

Asadov, Guseyn Gulam ogly—Chairman of Kolkhoz imeni Alibayramov, Kubatinskiy Rayon, Azerbaijan SSR.

Atadzhakov, Kakadzhah—Chairman of Kolkhoz imeni Chkalov, Maryyskiy Rayon, Mary Oblast, Turkmen SSR.

Babakulyyev, Tzhorakuly—Chairman of Turkmen SSR Gosagroprom [State Agroindustrial Association].

Babanov, Toktogul—Chairman of Rossiya Kolkhoz, Kirovskiy Rayon, Kirghiz SSR.

Baginskiy, Sigizmund Antonovich—Chairman of Zvezda Kommuny Kolkhoz, Chkalovskiy Rayon, Kokchetav Oblast, Kazakh SSR.

Bambayev, Stanislav Ochirovich—Director of Sovkhoz imeni 50-Letiye Kalmytskoy ASSR, Priozernyy Rayon, Kalmyk ASSR.

Bashmachnikov, Vladimir Fedorovich—Vice President of AKKOR [Further expansion unknown], RSFSR.

Bekesov, Kader Khasenovich—Director of Uzunkulskiy Sovkhoz, Dzhanibekskiy Rayon, Uralsk Oblast, Kazakh SSR.

Berdeliyev, Aynazar—Director of Sovkhoz imeni 50-Letiya SSSR, Kara-Kumskiy Rayon, Mary Oblast, Turkmen SSR.

Bikmetov, Irek Nigmatovich—Chairman of Tanalyk Kolhoz, Baymakskiy Rayon, Bashkir ASSR.

Bovt, Valeriy Pavlovich—Chairman of Druzhba Kolkhoz, Khustskiy Rayon, Transcarpathian Oblast.

Bolturukov, Omurbek—Peasant enterprise, Tyupskiy Rayon, Osh Oblast, Kirghiz SSR.

Borodavkin, Aleksandr Nikitich—Chairman of Godovshchina Oktyabrya Kolkhoz, Kuytunskiy Rayon, Irkutsk Oblast.

Borovik, Aleksandr Grigoryevich—Chairman of Avangard Kolkhoz, Koropskiy Rayon, Chernigov Oblast.

Bugakov, Yuriy Fedorovich—Chairman of Bolshevik Kolkhoz, Ordynskiy Rayon, Novosibirsk Oblast.

Buldenko, Boris Yakovlevich—Chairman of Zoryany Kolkhoz, Veselinovskiy Rayon, Nikolayev Oblast.

Batutin, Gennadiy Izmaylovich—General Director of Kaliningradmelioratsiya [Kaliningrad Reclamation] Production-Operations Association.

Vidmanov, Viktor Mikhaylovich—Deputy Chairman of RSFSR Gosagroprom, Chairman of the Agropromstroy [Agro-industrial construction association] Administration.

Vishnyakov, Aleksey Aleksandrovich—Chairman of Zavety Iliche Kolkhoz, Lipetskiy Rayon, Lipetsk Oblast.

Vilchinskiy, Vladimir Faddeyevich—Chairman of Druzhba Kolkhoz, Khmelniyskiy Rayon, Vinnitsa Oblast.

Vitebskiy, Anatoliy Vasilyevich—General Director of Zhitkovichi Agroindustrial Combine, Zhitkovichi Rayon, Gomel Oblast.

Vorotyntsev, Nikolay Semenovich—Director of Sovkhoz imeni Kuybyshev, Vishchulskiy Rayon, North Kazakhstan Oblast, Kazakh SSR.

Vyshivanyuk, Mikhail Vasilyevich—Chairman of Kolkhoz imeni Stepan Milnichuk, Kolomyyskiy Rayon, Ivano-Frankovsk Oblast.

Galyautdinov, Kamil Nazimovich—Director of Severnyy Sovkhoz, Pechengskiy Rayon, Murmansk Oblast.

Gamaliy, Aleksey Vasilyevich—Chairman of Rossiya Kolkhoz, Belgorodskiy Rayon, Belgorod Oblast.

Gareyev, Ildus Valiyevich—Chairman of the Tatar ASSR Agropromkomitet [Agroindustrial committee].

Gevorgyan, Rafik Levonovich—Chairman of Kolkhoz imeni S. Shaumyan, village of Anushavan, Artikskiy Rayon, Armenian SSR.

Ginin, Stepan Petrovich—Chairman of Kolkhoz imeni I6 Godovschina Oktyabrya, Chairman of Meshcherskoye APO [Agricultural production association], Gus-Khrustalnyi Rayon, Vladimir Oblast.

Girut, Mechislav Ivanovich—Chairman of Grodno Oblast Agroprom [Agroindustrial association].

Gladyshev, Vasily Stepanovich—Chairman of Kolkhoz imeni Lenin, Tavricheskiy Rayon, East Kazakhstan Oblast, Kazakh SSR.

Glebov, Mikhail Petrovich—General Director of the Cooperative-State Association of Food Industry Enterprises, Bashkir ASSR.

Glushchenko, Vasily Dmitriyevich—Deputy Chairman of RSFSR Gosagroprom, Board Chairman of Rosrybkhaz [Russian Fish Enterprise].

Goldyskiy, Sergey Maksimovich—Chairman of Vitebsk Oblast Agroprom.

Goroshko, Vasily Moiseyevich—Chairman of Kolkhoz imeni Gorkiy, Pinskiy Rayon, Brest Oblast.

Grigoryan, Paykar Garnikovich—Director of Araiyskiy Sovkhoz, Ashtarakskiy Rayon, Armenian SSR.

Grigoryan, Eduard Liparitovich—Lessee in Kolkhoz imeni Engels, village of Tandut, Oktemberyanskiy Rayon, Armenian SSR.

Grishko, Zinaida Mikhaylovna—Chairman of Mayak Kolkhoz, Berezovskiy Rayon, Odessa Oblast.

Gumbatov, Kamil Magomed ogly—Chairman of Kolkhoz imeni 50-Letiye SSSR, Ilichevskiy Rayon, Nakhichevansk ASSR, Azerbaijan SSR.

Gunko, Nikolay Makarovich—Chairman of Kolkhoz imeni 60-Letiye Ukrainy, Bakhchisarayskiy Rayon, Crimea Oblast.

Gushchin, Yuriy Ivanovich—Chairman of Pravda Kolkhoz, Sanchurskiy Rayon, Kirov Oblast.

Danilin, Valeriy Alekseyevich—Chairman of Novaya Zhizn Kolkhoz imeni I. M. Semenov, Shchekinskiy Rayon, Tula Oblast.

Danilenko, Anatoliy Stepanovich—Chairman of Order of Lenin Kolkhoz imeni Buznitskiy, Mironovskiy Rayon, Kiev Oblast.

Dvorkin, Boris Zyamovich—Chairman of Saratov Oblast agropromsoyuz.

Demishev, Ivan Yuryevich—Chairman of Kolkhoz imeni Lenin, Leninskiy Rayon, Aktyubinsk Oblast, Kazakh SSR.

Derbush, Mikhail Ivanovich—Director of Pobeda Sovkhoz, Novovarshevskiy Rayon, Omsk Oblast.

Dzhandosov, Sanzhar Orazovich—President of the Kazakh SSR Association of Peasant Enterprises.

Dzhumageldyyeva, Akgul—Brigade leader-biscuit maker of Udarnik Confectionary Factory, city of Ashkhabad.

Duysekov, Abdibek—Director of the Alma-Ata Sugar Plant, Alma-Ata Oblast, Kazakh SSR.

Dumler, Aleksandr Georgiyevich—Chairman of Kolkhoz imeni Frunze, Shklovskiy Rayon, Mogilev Oblast.

Yeremin, Viktor Ivanovich—Director of Novoselskiy OPKh [Experimental Demonstration Farm], Sukhinichskiy Rayon, Kaluga Oblast.

Yermakov, Nikolay Petrovich—Machine operator in Kolkhoz imeni Kirov, Rzhaksinskiy Rayon, Tambov Oblast.

Yesipenko, Dmitriy Andreyevich—Responsible secretary of the Union Kolkhoz Soviet.

Yefimchuk, Vladimir Mikhaylovich—Chairman of the Soviet of Agroindustrial Formations, Cherkassy Oblast.

Zhernovoy, Anatoliy Semenovich—General Director of the State-Cooperative Production Association for Horticulture, Donetsk Oblast.

Zhurid, Aleksandr Olegovich—Director of the Dnepropetrovsk Oil Extraction Plant, Dnepropetrovsk Oblast.

Zabava, Anatoliy Konstantinovich—Chairman of Maritime Kray Agropromsoyuz [Agroindustrial union].

Zabolotnyy, Vitaliy Dmitriyevich—Chairman of the Order of the Mark of Honor Kolkhoz imeni Kirov, Buturlinovskiy Rayon, Voronezh Oblast.

Zavgorodniy, Anatoliy Andreyevich—Chairman of Za Mir i Trud Kolkhoz, Pavlovskiy Rayon, Krasnodar Kray.

Zaporozhets, Ivan Ivanovich—Chairman of Kolkhoz imeni Engels, Novopokrovskiy Rayon, Lugansk Oblast.

Zakharkin, Mikhail Mikhaylovich—Chairman of Kolkhoz imeni Chapayev, Staroshaygovskiy Rayon, Mordovian ASSR.

Zatserkovnyy, Viktor Markovich—General Director of Shchelkovskiy Experimental Meat Processing Plant, Moscow Oblast.

Zinchenko, Boris Alekseyevich—Chairman of Kolkhoz imeni Lenin, Zernogradskiy Rayon, Rostov Oblast.

Ivanov, Leonid Yakovlevich—Deputy Chairman of RSFSR Non-Chernozem Zone Gosagroprom, Board Chairman of Agropromstroy.

Ivanov, Leonid Vasilyevich—Chairman of Zapovet Lenina Kolkhoz, Aleksandriyskiy Rayon, Kirovograd Oblast.

Iyevlev, Aleksandr Ivanovich—Deputy Chairman of the Union Kolkhoz Council.

Iyevlev, Anatoliy Ilich—Chairman of Progress Kolkhoz, Zolotukhinskiy Rayon, Kursk Oblast.

Kalinkin, Arseniy Fedorovich—Senior editor of the journal SELSKAYA NOV.

Karpov, Yuriy Vasilyevich—General Director of Maslozhirprom [Oil and Fat Industry] Association, Saratov Oblast.

Kashtanov, Aleksandr Ivanovich—VASKhNIL [All-Union Academy of Agricultural Sciences imeni V. I. Lenin] Vice President.

Kazimir, Anatoliy Leonidovich—Chairman of Radyanska Ukraina Kolkhoz, Narodicheskiy Rayon, Zhitomir Oblast.

Kadirov, Abdurakhmon—General Director of Khodzhen Agricultural Combine, Khodzhenitskiy Rayon, Leninabad Oblast, Tajik SSR.

Keltman, Ivan Fedorovich—Chairman of Kolkhoz imeni Engels, Vikulovskiy Rayon, Tyumen Oblast.

Kirillov, Anatoliy Alekseyevich—Director of Ostrogzhskiy Canning Plant, Ostrogzhskiy Rayon, Voronezh Oblast.

Kondratskiy, Vladlen Ilich—Director of Alachinskiy Sovkhoz, Yelizovskiy Rayon, Kamchatka Oblast.

Korobko, Viktor Mikhaylovich—Director of Bryansk Gormolkombinat [City dairy combine], Bryansk Oblast.

Korsunov, Aleksandr Vladimirovich—Director of the Administration for Food, Procurement and State Services, First Deputy Chairman of the Novgorod Oblast executive committee.

Kosenko, Aleksandr Ivanovich—Director of Bershadskiy Sugar Combine, Vinnitsa Oblast.

Konysbayev, Myktybek—Chairman of Algabask Kolkhoz, Tyulkubasskiy Rayon, Chimkent Oblast, Kazakh SSR.

Kostyankin, Arnold Lazarevich—Chairman of Kolkhoz imeni 22 Syezd KPSS, Dzhambulskiy Rayon, Dzhambul Oblast, Kazakh SSR.

Kolesnikov, Ignat Ignatyevich—Director of the Agricultural Cooperative, Gomeldrev PO [Production association], Oktyabrskiy Rayon, Gomel Oblast.

Koptelov, Mikhail Gavrilovich—Chairman of the APK [Agroindustrial complex] Council, Alma-Ata Oblast, Kazakh SSR.

Koshkarbekov, Duysenbay—Director of Sovkhoz imeni Kirov, Charskiy Rayon, Semipalatinsk Oblast, Kazakh SSR.

Krivorotov, Vladimir Ivanovich—Chairman of Order of Lenin Rossiya Kolkhoz, Krasnogvardeyskiy Rayon, Crimea Oblast.

Kuzinkov, Vladimir Germanovich—Chairman of Druzhba Kolkhoz, Nesterovskiy Rayon, Kaliningrad Oblast.

Kulik, Gennadiy Vasilyevich—Chairman of RSFSR Gosagroprom.

Kushkov, Amerkhan Tutovich—First Deputy Chairman of the Agroindustrial Association of Kabardino-Balkar ASSR.

Kukhar, Ivan Ivanovich—Chairman of the Union Kolkhoz Council.

Kurmanbayev, Ktabiya—Senior zootechnologist of Sovkhoz imeni Karl Marx, Kazalinskiy Rayon, Kzyl-Orda Oblast, Kazakh SSR.

Kulitayev, Kairzhan Aubashirovich—Director of Tokushinskiy Sovkhoz, Vishkulskiy Rayon, North Kazakhstan Oblast, Kazakh SSR.

Lakman, Teodor Yakovlevich—Chairman of Pobeda Kolkhoz, Kalinin Rayon, Kirghiz SSR.

Labik, Aleksey Iosifovich—General Director of the Kamenka Association for Vegetable Production, Kamensko-Dneprovskiy Rayon, Zaporozhye Oblast.

Ligachev, Yegor Kuzmich—Secretary of the CPSU Central Committee.

Lyakh, Nikolay Antonovich—Deputy Chairman of the Kazakh SSR Kolkhoz Council.

Maydurova, Galina Nikolayevna—Director of Ynyrginskiy Sovkhoz, Chuyskiy Rayon, Gorno-Altay Autonomous Oblast, Altay Kray.

Malkov, Leonid Mikhaylovich—Chairman of Kolkhoz imeni 50-Letiye SSSR, Kostroma Rayon, Kostroma Oblast.

Maltsev, Aleksey Yakovlevich—Director of Sovkhoz imeni Krupskaya, Melekesskiy Rayon, Ulyanov Oblast.

Mangazeyev, Vladimir Mikhaylovich—Chairman of the Mariinskoye APO, Kemerovo Oblast.

Makhov, Aleksandr Aleksandrovich—Chairman of Zavety Iliche Kolkhoz, Chkalovskiy Rayon, Gorkiy Oblast.

Manshin, Aleksandr Fedorovich—General Director of AKKOR, RSFSR.

Mikov, Petr Grigoryevich—Director of Krasnopolyskiy Sovkhoz, Nazarovskiy Rayon, Krasnoyarsk Kray.

Milkov, Valeriy Mikhaylovich—Director of Tselinnyy Sovkhoz, Krasnokamenskiy Rayon, Chita Oblast.

Mikhaylov, Aleksandr Dmitriyevich—Responsible secretary of the Agrarian Union Council of Russia.

Mikhaylyuk, Vasiliy Alekseyevich—Chairman of Kolkhoz imeni Kuybyshev, Tselinnyy Rayon, Kurgan Oblast.

Migurskiy, Iosif Kazimirovich—General Director of Mogilevskoye Production Association of the Dairy Industry.

Mirochitskiy, Fedor Vladimirovich—First Deputy Chairman of the Belorussian SSR Gosagroprom.

Miklyayev, Nikolay Ivanovich—General Director of Amur Meat Agroprom.

Mordintsev, Yuriy Ivanovich—Deputy Director of the Agricultural Department of the CPSU Central Committee.

Moslakov, Vyacheslav Stepanovich—Director of Progress Sovkhoz, Ruzskiy Rayon, Moscow Oblast.

Moskiv, Vasiliy Ivanovich—Director of Komsomolskiy Sovkhoz, Kargopolskiy Rayon, Arkhangelsk Oblast.

Motornyy, Dmitriy Konstantinovich—Chairman of Order of Lenin Kolkhoz imeni Kirov, Belozerskiy Rayon, Kherson Oblast.

Murzagaliyev, Kenes Abuyevich—Chairman of Kolkhoz imeni Ilich, Alchinskiy Rayon, Aktyubinsk Oblast, Kazakh SSR.

Muravyev, Vladimir Ivanovich—Director of Kommunar Sovkhoz, Kamyzyakskiy Rayon, Astrakhan Oblast.

Naydenov, Nikolay Namdykovich—Chairman of the Buryat ASSR Agropromsoyuz.

Naumov, Vladimir Ivanovich—First Deputy Chairman of RSFSR Non-Chernozem Zone Gosagroprom.

Nesterenko, Aleksandr Vasilyevich—Chairman of Altay Oblast Agropromsoyuz.

Nedopekin, Aleksandr Grigoryevich—Director of Ulyanovskiy Sovkhoz, Zelenovskiy Rayon, Uralsk Oblast, Kazakh SSR.

Nikitin, Vladlen Valentinovich—First Deputy Chairman of the USSR Council of Ministers, Chairman of the USSR Council of Ministers State Commission on Food and Procurement.

Novikov, Vladimir Gavrilovich—Chairman of Rassvet Kolkhoz, Sovetskiy Rayon, Mari ASSR.

Novikov, Yevgeniy Fedorovich—Chairman of Kolkhoz imeni 50-Letiye SSSR, Dubovskiy Rayon, Volgograd Oblast.

Nugmanov, Sherniyaz—Chairman of Krasnyy Vostok Kolkhoz, Panfilovskiy Rayon, Taldy-Kurgan Oblast, Kazakh SSR.

Oganisyan, Gavrush Konstantinovich—Chairman of the Rayon Leasing Council of Oktemberianskoye RAPO [Rayon agroindustrial association], Armenian SSR.

Ogryzkin, German Sergeyevich—Deputy Director of the Agricultural Sector of the CPSU Central Committee.

Odinayev, Amin Odinayevich—Deputy Chairman of the Tajik SSR Kolkhoz Council.

Olyanich, Vladimir Ivanovich—Senior agronomist of Sovkhoz imeni Lenin, Kegichevskiy Rayon, Kharkov Oblast.

Onishchenko, Vladimir Kuzmich—Chairman of the State-Cooperative Agroindustrial Association, Jewish Autonomous Oblast, Khabarovsk Kray.

Osmanov, Osman Abdurakhmanovich—Chairman of Dagestan ASSR Gosagroprom.

Osipchuk, Vladimir Vasilyevich—Chairman of the Council of Agroindustrial Formations, Poltava Oblast.

Ocheretnyy, Vasiliy Grigoryevich—Chairman of Rassvet Kolkhoz, Uvelskiy Rayon, Chelyabinsk Oblast.

Oyun, Vadim Abramalovich—Chairman of Tuva ASSR Agropromsoyuz.

Parshin, Andrey Nikolayevich—Chairman of Rossiya Kolkhoz, Yeniseyskiy Rayon, Krasnoyarsk Kray.

Parkhomenko, Ivan Aleksandrovich—Chairman of Rassvet Kolkhoz, Novomoskovskiy Rayon, Dnepropetrovsk Oblast.

Pakhomov, Innokentiy Osipovich—Senior instructor at the Yakutsk Agricultural Institute, candidate of economic sciences.

Piskor, Ivan Mikhaylovich—Director of Yuvileyn Interfarm Enterprise, Chertkovskiy Rayon, Ternopol Oblast.

Plyutovskiy, Vladimir Antonovich—Chairman of Zarya Kommunizma Kolkhoz-Agrofirm, Rovenskii Rayon, Rovno Oblast.

Podolyanina, Yelena Ivanovna—Chairman of the Order of Mark of Honor Mir Kolkhoz, Shargorodskiy Rayon, Vinnitsa Oblast.

Popov, Anatoliy Yegorovich—Director of Volshelukskiy Sovkhoz, Kortkerosskiy Rayon, Komi ASSR.

Pobedinskiy, Anatoliy Petrovich—Chairman of Novaya Zhizn Kolkhoz, Atbasarskiy Rayon, Tselinograd Oblast, Kazakh SSR.

Popov, Valentin Semenovich—Director of Khabarovskaya Poultry Factory of the Khabarovskoye State-Cooperative APO, Khabarovsk Kray.

Putilov, Mikhail Alekseyevich—Chairman of Order of Lenin Rossiya Kolkhoz, Permskiy Rayon, Perm Oblast.

Razin, Leonid Stepanovich—Chairman of Pobeda Kolkhoz, Velinskiy Rayon, Penza Oblast.

Rakhmedov, Goshdzhan—Chairman of Turkmenistan Kolhoz, Takhtinskiy Rayon, Tashauz Oblast, Turkmen SSR.

Rudi, Viktor Kondratyevich—Chairman of Kolkhoz imeni Kirov, Pavlodar Rayon, Pavlodar Oblast, Kazakh SSR.

Ryzhikov, Mikhail Borisovich—Secretary of VTsSPS [All-Union Central Trade Union Council], Chairman of the Central Committee of the APK Workers Trade Union.

Sadovoy, Anatoliy Ivanovich—Chairman of Khvylya Revolyutsii Kolkhoz, Krasnopol'skiy Rayon, Sumi Oblast.

Sadriddinov, Sayfidin—Chairman of Kolkhoz imeni K. Ismailov, Ordzhonikidzeabadskiy Rayon, Tajik SSR.

Salakhov, Makhmud Minnullinovich—Chairman of Kolkhoz imeni Krupskaya, Apastovskiy Rayon, Tatar ASSR.

Salayev, Magerram Abuzar ogly—Director of the Administration for Kolkhoz Affairs and Interenterprise Cooperation of the Azerbaijan SSR Kolkhoz Council.

Salimov, Alibala Khanakhmed ogly—Chairman of Kolkhoz imeni N. Narimanov, Neftechalinskiy Rayon, Azerbaijan SSR.

Samsonov, Vladimir Yemelyanovich—Director of Pavlodar Oblast Dairy Combine, Kazakh SSR.

Sverdlik, Zoya Vasilyevna—Deputy Director of Economics, Semipalatinsk Meat Canning Combine imeni Kalinin, Kazakh SSR.

Semenova, Galina Vladimirovna—Senior editor of the journal KRESTYANKA.

Serkov, Aleksandr Fedorovich—Deputy Director of the All-Union Scientific Research Institute on Agricultural Economics.

Sidushkin, Vladimir Aleksandrovich—Director of Medvezhyegorskiy Sovkhoz, Medvezhyegorskiy Rayon, Karelian ASSR.

Sizykh, Nikolay Mikhaylovich—General Director of the Krasnaya Baltika Sovkhoz PO, Lomonosovskiy Rayon, Leningrad Oblast.

Skrynychuk, Leonid Yuryevich—Agrofirm chairman in Ukraina Kolkhoz, Chemerovetskiy Rayon, Khmel'nitskiy Oblast.

Smetov, Boris Vasilyevich—Chairman of Agroprommyaso [Agroindustrial meat] Association, Gorkiy Oblast.

Sokolov, Aleksandr Aleksandrovich—Chairman of Kolkhoz imeni Michurin, Yuryevetskiy Rayon, Ivanovo Oblast.

Solovyev, Vyacheslav Nikolayevich—Chairman of Pobeda Kolkhoz, Torzhokskiy Rayon, Kalinin Oblast.

Sopyyev, Muratberdy—Agrofirm chairman of Sovet Turkmenistany Kolkhoz, Ashkhabad Rayon, Turkmen SSR.

Spiridonov, Mikhail Vasilyevich—Chairman of Kolkhoz imeni 22 Partsyezd, Orlovskiy Rayon, Orel Oblast.

Spotkay, Mikhail Aleksandrovich—Director of Kanskaya Confectionary-Macaroni Factory, Kanskiy Rayon, Krasnoyarsk Kray.

Starodubtsev, Vasiliy Aleksandrovich—Chairman of the USSR Peasant Council, Chairman of Order of the Labor Red Banner Kolkhoz-Breeding Plant imeni Lenin, Novomoskovskiy Rayon, Tula Oblast.

Tamarov, Viktor Vasilyevich—Chairman of Order of Mark of Honor Gorshikha Kolkhoz-Breeding Plant, Yaroslavskiy Rayon, Yaroslavl Oblast.

Tedeyev, Pavel Rezoyevich—Chairman of Kolkhoz imeni General Tsalikov, Alagirskiy Rayon, North Osetian ASSR.

Teykhrub, Ivan Petrovich—Senior agronomist of Khasynskiy Sovkhoz, Khasynskiy Rayon, Magadan Oblast.

Timofeyev, Anatoliy Aleksandrovich—Chairman of Order of the Labor Red Banner Rossiya Kolkhoz, Pochinkovskiy Rayon, Smolensk Oblast.

Titov, Ivan Ivanovich—Chairman of the Agricultural Committee Council, Tomsk Oblast.

Tkachenko, Aleksandr Nikolayevich—Chairman of Ukrainian SSR Gosagroprom.

Tugbayev, Sergey Vasilyevich—Chairman of Rassvet Kolkhoz, Igirskiy Rayon, Udmurt ASSR.

Tursunbayev, Valtash Molnabayevich—Chairman of the APK Council, Kazakh SSR.

Urazbayev, Salauat—Director of a peasant enterprise in Sovkhoz imeni Dzhambul, Inderskiy Rayon, Guryev Oblast, Kazakh SSR.

Ustyugov, Vladimir Viktorovich—Chairman of Put Lenina Kolkhoz, Slobodoturinskiy Rayon, Sverdlovsk Oblast.

Foka, Petr Vasilyevich—Chairman of Kolkhoz imeni Olga Kobylanskaya, Glybokskiy Rayon, Chernovitsy Oblast.

Kharitonov, Oleg Mikhaylovich—Board chairman of the Association of Peasant Enterprises, Leningrad Oblast.

Kharlamov, Aleksandr Pavlovich—Senior editor of the newspaper SELSKAYA ZHIZN.

Khizhnyak, Nikolay Alekseyevich—Chairman of Rodina Kolkhoz, Krasnogvardeyskiy Rayon, Adyge Autonomous Oblast, Krasnodar Kray.

Khodakov, Ivan Vasilyevich—Farmer, Selizharovskiy Rayon, Kalinin Oblast.

Khrenov, Aleksey Ivanovich—Chairman of Kolkhoz imeni Kuybyshev, Rybnovskiy Rayon, Ryazan Oblast.

Tsvetkov, Vladimir Pavlovich—Lessee in Kozinskiy Sovkhoz, Smolenskiy Rayon, Smolensk Oblast.

Cherkesova, Maryat Inusovna—Link leader for the production of potatoes in Khabezskiy Sovkhoz, Khabezskiy Rayon, Karachayevo-Cherkess Autonomous Oblast, Stavropol Kray.

Chernykh, Valentin Grigoryevich—Director of Lidskiy Dairy-Canning Combine, Grodno Oblast.

Chernyavskiy, Aleksandr Andreyevich—Deputy Chairman of the Belorussian SSR Kolkhoz Council.

Chertov, Vladimir Ivanovich—Senior agronomist of Kolkhoz imeni Kirov, Krutikhinskiy Rayon, Altay Kray.

Chekhlun, Valeriy Ivanovich—Director of Buzulukskiy Sovkhoz, Totskiy Rayon, Orenburg Oblast.

Sharetskiy, Semen Georgiyevich—Chairman of Krasnoye Znamya Kolkhoz, Volozhinskiy Rayon, Minsk Oblast.

Shevchuk, Stepan Karpovich—Chairman of Leninskiy Shlyakh Kolkhoz, Ivanichevskiy Rayon, Volyn Oblast.

Shilovskiy, Gennadiy Konstantinovich—Chairman of Rodina Kolkhoz, Vologodskiy Rayon, Vologda Oblast.

Shumskiy, Aleksandr Alekseyevich—Chairman of Kazminskiy Kolkhoz, Kochubeyevskiy Rayon, Stavropol Kray.

Eshperov, Dzhumash—Chairman of Kolkhoz imeni 22 Partysyezd, Tonskiy Rayon, Issyk-Kulsk Oblast, Kirghiz SSR.

Yulin, Boris Yegorovich—Chairman of Kolkhoz imeni Kalyagin, Kinelskiy Rayon, Kuybyshev Oblast.

Starodubtsev on Problems Facing Peasantry

Post Congress Call for Support for Farmers

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[Interview with Vasily Aleksandrovich Starodubtsev, chairman of the USSR Peasants' Union, by G. Yevstifeyev: "The Farmer Needs Protection", date and place not specified]

[Text] The Founding Congress of the USSR Peasants' Union was held recently. The union's chairman Vasily Aleksandrovich Starodubtsev tells about its objectives and tasks.

[Yevstifeyev] The adopted statute calls the Peasants' Union a social and political organization. What is behind this declaration, which obligates one to so much?

[Starodubtsev] The critical situation of rural workers in the country. One can certainly understand the delegates when they insisted on precisely such a formulation. The peasantry is in danger. I assure you that this is not a pose and not a pumping up of passions....

[Yevstifeyev] But the situation has now changed and everyone recognizes the necessity of granting the countryside "most favored nation treatment."

[Starodubtsev] If only that were so and words were followed up by action. Of course some things have

changed during the years of perestroika. New production relations are developing in the countryside and the habit of commanding the peasant is becoming outdated. Still, government agencies and industrial ministries are not paying the proper attention to rural areas. Beyond that, the predatory—you cannot call it anything else—attitude toward the entire agro-industrial complex is continuing. Many of the positions stated by the agrarian deputies in the declaration at the First Congress of People's Deputies of the USSR remain unfulfilled.

It is just incomprehensible, the farmer is a most respected figure throughout the world. But here the word "kolkhoz member" has almost become a label for a social outcast. Not even those young people who love to work on the land are staying in the countryside. They are fleeing to the cities, where they live in communal apartments with 5 people in 10 square meters of space and get established in the most unprestigious work. But they have no intention of returning to their native places. Should this be a surprise when there are villages where they deliver bread once a week, to which there is no road and where there are no telephones or water supply line, not to mention gas and sewer system....

In Russia today, two-thirds of rural inhabited places do not have schools for general education, three-fourths do not have children's preschool institutions and more than half lack public health facilities. The provision with enterprises for public catering and domestic services is even worse. Morbidity and infant mortality is twice as high in the rural areas as in the cities. In many countries, the government takes responsibility for a significant share of expenditures for the establishment of normal economic and social conditions for farmers. In Canada, for example, excellent roads have been built to every farm, even small ones, through government subsidies. We do not have the money for that same road construction in the lands poor in chernozem.

In general, incredible things are happening with the means going to the needs of agriculture. We are experiencing huge losses because of the imperfection and insufficient capacities of the processing industry and storage system and the lack of containers and packaging materials. At the same time, we are continuing to increase the production of agricultural output, a third of which does not reach the consumer. We are increasing the output of spare parts for machinery instead of improving its quality and reliability.

Our kolkhoz is testing the "Challenger" tractor of the American firm—Caterpillar Tractor Company. A machine operator can work in it wearing a necktie. The power reserve of its engine is almost twice that of possible loads. Our machines are not only deadly for the individual but also work at their maximum power and therefore their operating life is limited to 3 to 4 years.

[Yevstifeyev] How does the Peasants' Union intend to influence the government and industry in those cases when the interests of the countryside are infringed upon?

[Starodubtsev] Meanwhile, the very fact of the holding of a founding congress of peasants and the documents adopted there have already had an effect. According to the declaration of First Deputy Chairman of the USSR Council of Ministers L.A. Voronin at the session of the USSR Supreme Soviet, the government is looking for means to provide emergency assistance to the rural areas.

The methods to protect their interests are primarily "diplomatic." But economic sanctions are not excluded either. In no way, for example, can one tolerate the circumstance that the share of produced equipment put into series production more than 10 years ago is steadily increasing. It now amounts to 37 percent. We do not have any good seeders, fodder harvesting equipment or machinery for the mechanization of vegetable growing and other row crops. In such cases, it is quite legitimate when ministries and giant plants ignore real parity, declare a boycott and do not buy unproductive equipment or expensive grain combines, for example.

[Yevstifeyev] But the republic agroproms and State Commission on Food and Purchases of the USSR Council of Ministers are supposed to do this. Will the Peasants' Union not become a bureaucratic appendage of existing structures?

[Starodubtsev] There is such a danger. It is sufficient to remember the recent past of the kolkhoz councils, whose chairmen were frequently agricultural ministries "holding several posts." I think that the union members themselves will not allow it to become rigid.

[Yevstifeyev] What would you propose that is "economically expedient" for application from your own experience as a kolkhoz chairman?

[Starodubtsev] One can note one characteristic: most successful farms do not limit their activities to agricultural production only. I am an ardent supporter of subsidiary enterprises. After all, they have helped out the peasant in Russia from time immemorial. We have a sewing shop and a fur farm. We sew fur products. It is a rather profitable business. But the essence is not just income. There is something to keep the people busy between seasons, the demographic situation improves dramatically in the countryside and there is no need to bring in sponsors from the city during the intense days of the field campaigns. So the appearance of the occupation of seamstress and crop grower at our kolkhoz helps us out a great deal. But it was not so long ago that more than one manager paid for such "spontaneous activity" with his good name. And I myself tried to show Gosplan the advantage of putting small enterprises for the production of consumer goods in rural locations. The effect was exactly the opposite of my expectations. Here they know how to "fabricate" accusations and labels. I think that for many farms under the conditions of the current independence the development of subsidiary production would be a good aid to the main work.

[Yevstifeyev] What priority tasks does the union intend to resolve?

[Starodubtsev] In the first place, it is necessary to consolidate our ranks, gain strength and cut away everything that hinders the resolution of the main problems of the countryside and its regeneration. It is a matter of entire regions that have been inhabited for centuries but are now losing people. There are no roads or communications there. There is no infrastructure and people themselves are lacking. In the last 17 years in Russia, more than 61,000 villages and settlements have ceased to exist. It is necessary to build up-to-date housing and establish preferential conditions for those citizens who are still inclined to farm labor. It is necessary to sell passenger cars to villagers, even on the installment plan. For we have practically no public transportation in the villages so that we can go to the city or rayon at any time for our needs. Nor are there enough private vehicles. They are presently allocating one motor vehicle annually for every 1,500 people. There is an obvious discrimination of the countryside in trade with food and industrial goods. We must from the very beginning carry on a consistent fight for the priority development of agriculture, influencing the drawing up of the appropriate legislative enactments, decisions and various normative documents.

[Yevstifeyev] And a final question. The rising body of farmers also links its hopes with the Peasants' Union. The Association of Peasant Cooperatives joined the union. Still, there remain disagreements with respect to the revival of a form of ownership and utilization of the land. You are ranked among the opponents of this movement. How fair is this reproach?

[Starodubtsev] It is unfair simply because several peasant farms have been organized in our agricultural association, which is probably one of the first. True, we performed poorly in the very first stage, that of the selection of candidacies. The importance of this is well illustrated by the example of the well-known American farm belonging to Hurst. A special board did not entrust the farm to the direct heirs, who contented themselves with monetary compensation, preferring to turn the management over to the nephew of the elderly owner. Competence and the desire and ability to work are the criteria for the selection of farmers, whose profession is one of the most respected in the West.

This, of course, is the peak of the organization of labor, which has been brought to perfection over centuries. For the time being, we have other problems that are more prosaic. Without in any case rejecting the idea of a body of farmers, I am nevertheless a realist. No one has yet proposed a way to move from collective to individual ownership that takes into account the interests of the kolkhoz, sovkhoz, state and farmer himself. But this is quite important: it is still necessary to know or at least foresee the consequences to some extent. At a typical kolkhoz, all production depends on 10 to 12 high-class machine operators. They will each probably be able to

manage 50 to 60 hectares of plowed land successfully and profitably. But to whom should the remaining 2,000 to 3,000 hectares be given?

Another question is that of the farmer's equipment. For his normal work requires a wheeled and a caterpillar tractor, a truck and a combine. Where can they be obtained if the kolkhozes and sovkhozes themselves are impoverished? And to cultivate the land at our level of technical "service" means to doom oneself to real drudgery. We are still a long way from the developed system of services that the American farmer can avail himself of.

A half million rubles are required to build one ordinary farm with housing and a road and to equip it with everything needed. We do not yet have such means. But the establishment of peasant farms with primitive systems of cultivation and livestock breeding will not lead to anything good.

Here at the kolkhoz farm for the fattening of livestock, one woman handles 400 animals and just 50 minutes of working time go for the production of 1 quintal of milk—an indicator that is envied even abroad. It is simply criminal not to see the rational kernel in the specialization and concentration of production, which yield real fruit. And who has calculated what the next search for a panacea may involve? We do not yet have calculations. Nevertheless, one must not hinder the formation and development of this means of management and the Peasants' Union will support any balanced work in this direction.

Hardships Facing Farmers

904B0276B Moscow SELSKAYA ZHIZN in Russian
8 Aug 90 pp 1-3

[Interview with V.A. Starodubtsev, chairman of the USSR Peasants' Union, by S. Chudakov: "There Is Nowhere for Us to Retreat"; date and place not specified]

[Text] As you know, the Founding Congress of the USSR Peasants' Union began its work in June of this year. It discussed the situation in the countryside and established a new social and political organization and its leading bodies. Having then adopted a number of very important documents, the congress interrupted its meetings and will continue them in June of next year with the same body of delegates as before.

Our correspondent discusses the situation of the peasantry today and what has already been done in the time since the Founding Congress with Chairman of the USSR Peasants' Union V.A. Starodubtsev.

[Chudakov] Vasilii Aleksandrovich, is the adoption of the resolution of the 28th CPSU Congress on the question of the peasantry somehow related to the establishment of the USSR Peasants' Union?

[Starodubtsev] Our union is, of course, a political force with which the administrative-command system will have to contend or face the consequences. Nevertheless, the occurrence of the resolution is above all the result of the turning point in relation to the countryside that took place in the course of the discussion prior to the congress.

The society finally understood that the existing stereotype under which it was thought that one can take from the land without giving anything back to it is dangerous for perestroika as a whole. Although it must be acknowledged that such a turning point would not have been possible without due pressure from the peasantry itself.

Here as well, at the congress, the opponents of a strengthening of the material base and economy of agriculture tried to remove the question of the peasantry and the formation of a powerful peasant social and political organization from the field of view of the delegates. They did not even want to let the chairman of the Peasants' Union on the platform. For they knew that I was not about to sing praises to them and they did not expect me to applaud the notion which they have persisted in imposing on the society that the rural areas are a bottomless pit. I do not think that it is an accident that in the information report from the congress, they named me among the delegates speaking on that day as the chairman of Kolkhoz imeni Lenin from Tula Oblast, omitting my position as chairman of the USSR Peasants' Union.

Yes, in my election to this post, I insisted that it be unfree. The Peasants' Union and its chairmen must be independent. But for this purpose, it is necessary to stand firmly on the ground, live its interests and defend them without looking to higher bosses and the department cash box. By the way, I receive a salary only from the kolkhoz. This does not mean, of course, that the Peasants' Union and I as chairman of its presidium must defend the interests of peasants only. This must be done so that all the people gain and so that the country lives well as a result of concern for the peasant. When they nominated me for the Central Committee, I probably could have objected for the purpose of maintaining my independence. But I thought that today even without this there are enough other disagreements in the state and in the party and such a step cannot change anything in the situation of the peasants.

Politically I, just as all members of the Peasants' Union, will be independent in the final analysis when it is a matter of the resolution of vitally important matters for the countryside. The main thing is the precise orientation toward the peasant and the satisfaction of his needs as proclaimed at the congress. And I think that it is good that as a communist I will be able to help in this personally working in the Central Committee. I will renounce other elected party positions.

[Chudakov] And is there not another danger here? The Novomoskovskoye kolkhoz and association that you

head are demanding all of your time and effort. Will it not happen that, in taking advantage of your busyness, the functionaries will divert you away from making decisions on the most important problems? At the first meeting of the council of the Russian Agrarian Union, for example, I was not the only one who got the impression that, in limiting the amount of time that the council has to think about the draft, the government wants to put through the Russian Land Code in the form in which it was prepared by the system, practically without the participation of peasants. In the opinion of the members of the council, however, it is raw.

[Starodubtsev] There are indeed dozens of questions in the draft that require clarity. Every letter must be written into such a law by the heart and mind. The shadow economy is in a hurry, because it is dealing with the buying and selling of land parcels. Those with money will buy the land, the price of which will rise. Speculation will begin in the future. I believe that it is immoral to deal in the maternal land. For it is the mother and labor the father. The land feeds everyone. If the moneybags take possession of it, they will also dictate their conditions to the society—not to peasants only but to all those living in our country. Another matter is that of the small suburban parcels with limitations. Today they are sold at market prices anyway. As for the land that we plow for the entire country, it must not be sold.

[Chudakov] Especially since the people gained it through their own blood back in 1917. The peasant received a parcel and turned it over to collective use. But now, it turns out, he is supposed to buy it back. For this is a new form of bondage for that same kolkhoz or sovkhoz. Where can they get the millions for redemption? Again borrow from the state?

[Starodubtsev] There are kolkhozes and sovkhozes that would like to buy land but they are the ones with the best lands and the best climatic conditions, with the best business conditions and excellent social conditions for life and production. In Krasnodarskiy Kray, for example. They think that if they buy this land they will finally free themselves from all drovers, buy independence and be able to exploit the land more efficiently.

The land once belonged to landlords. And what of it? They were driven away and that is all there is to it. No, if the land is permanently attached to the kolkhozes and if the matter of leaving the kolkhoz is resolved in a democratic manner, then this will yield results. If one person subjugates a hundred others under himself, what kind of democracy is this?! Still, only with the approval of the collective can a peasant leave the farm with his parcel. They will not be able to "put through" another version. Although, and here I agree with you, such an attempt was made.

[Chudakov] And where is the guarantee that other attempts will not be successful?

[Starodubtsev] You heard that the head of the Russian Government I.S. Silayev firmly assured the council of

the Russian Agrarian Union that not a single decision affecting the interests of the peasantry will be made without the consent of agrarian specialists. I believe him. Nevertheless, for my three deputies in the USSR Peasants' Union I chose inflexible people who will continually deal with the main strategic questions. Where personal participation is required, that is, where the interests of agriculture and the government interface, I will abandon all other work.

[Chudakov] But such an interface already exists today. According to forecasts, not 1 percent but 15 percent of all farms will become unprofitable by the end of the year in Russia alone as a result of the price reform.

[Starodubtsev] Here we think we have a right to veto the decision of the government. And in the council I told the head of the Russian Government that if it does not stop this robbery in relation to the peasantry then the peasants themselves will have to establish order and see to it that the laws are observed. How? We wrote the right of collective actions into our statute. We understand that industry also has many problems. But we will not permit them to be resolved on the back of the peasant, as was done previously.

[Chudakov] Do your views differ from the position of the government only on these problems?

[Starodubtsev] No, on some others as well. In particular, on farming and peasant farms.

In the current stage, the process of agricultural production is undergoing serious changes. And these changes in the direction of concentration and specialization are also obvious in foreign countries with well-developed production on a farm basis. The individual farmers unite even though they are well provided with equipment. This process toward large-scale production is taking place spontaneously but steadily. In America, as you know, there are already farms with 50,000 hectares. There are farms where they keep up to 25,000 cows. Large-scale and well-organized specialized agricultural enterprises will continue to prevail.

In speaking about this, however, we by no means deny the need for diversity in our countryside. It is another matter that one must not force the transition to a mixed economy through the collapse of the potential already established at kolkhozes and sovkhoses. They are not the reason for the destitution and poverty in which the country's agricultural economy now finds itself. Misfortunes are occurring because for 70 years the peasant was the donor of industry and the cities. His donor's power is now exhausted.

I am not against the development of individual farms along with kolkhozes and sovkhoses. But I am against the establishment of such farms at the expense of collective farms. And I am opposed to having this important matter of the establishment of a mixed system of management once again become a campaign. For today there are neither the financial nor material-technical resources

for the realization of this task. No mechanism has been worked out for how to allocate the land and how to resolve many problems that inevitably arise in leaving the collective. Here there are questions of service, questions of the social structure, questions of the sale of output and questions of the market, which cannot be resolved all at once.

This is why, when we move from the sensationalism in the newspapers and the parliamentary debates to the real implementation of conceptions without precise programs, we encounter a thousand questions that cannot be resolved today. This is why, in talking with the country's leaders, I said: if we are going to organize individual and peasant farms, let us find the means for this and let us help establish them, taking them under the custody of the state for a time. Through slogans and sensationalism alone, one can only set the farmers against the kolkhozes and sovkhoses, which as it is are not receiving material and technical resources amounting to even half of the state order. This warning of mine came true. They are now even beginning to get the working class mad at us.

[Chudakov] But 450,000 villages in Russia are awaiting revival. Why do the farmers not go there instead of building "small Hollands," thereby diverting the already meager resources of the country's agro-industrial complex?

[Starodubtsev] This is the core of the matter. The boarded-up villages have neither roads nor hospitals nor schools. There is no social infrastructure and for this reason the farmers do not want to go there. One can understand them: their child gets sick and it is 100 kilometers to the nearest hospital and there is no road. Who will accept such conditions?

[Chudakov] So some of the resources that you are proposing shifting from the cities to the rural areas on an urgent basis need to be directed to dead villages for the establishment of a social infrastructure there?

[Starodubtsev] In any case, before building "new Hollands" or restoring their abandoned "Hollands," it is necessary to make a precise calculation. But neither new ones can be built nor old ones revived without money and without material-technical resources. This is why the opinion of those who think that the rural areas do not need anything other than the restructuring of production relations is socially dangerous. Again they want to deceive the poor peasants and tell them trite tales, showing them that they can and must pull the collapsed economy of the entire country out of trouble on their own backs. If such an approach prevails, a national tragedy is unavoidable. Individuals will not save the situation. This is ridiculous, for even the collectives cannot do it.

[Chudakov] But now that they have united into their own union, can the peasantry dictate its own conditions to the government even to the point of stopping food deliveries to the cities for the purpose of preventing this

tragedy? For the Founding Congress discussed the possibility of organizing a strike committee.

[Starodubtsev] I am not in favor of taking the path of strikes in such a heated situation.

[Chudakov] But what if the government gets off with mere promises?

[Starodubtsev] We called on branches to stop all strike activities and on the government to work out well-defined social programs. And then to patiently and persistently work on their fulfillment. No foreigner will help us. And every day that is dedicated to strikes will only lead to a worsening of the country's economy.

Yes, we could strike, just as the miners are doing. But that means hunger! It is another matter what we already said in the Declaration to the President and USSR Supreme Soviet published on 27 July of this year in SELSKAYA ZHIZN—that the peasants are a great political force and that in the list of urgent measures attached to the declaration they demand the fulfillment of the most important orders of the Founding Congress of the Peasants' Union. This is why the congress is not over but has only interrupted its meetings until the middle of next year, so that with the same body of delegates it can check on the fulfillment of the urgent measures. It is up to them to decide what steps they will take in the event that their demands are not carried out. They reserved this right for themselves.

[Chudakov] What has been done?

[Starodubtsev] A certain amount of time is needed to carry out the largest part of our demands. But among the demands made by the peasants are also those that require only the good will of the country's leadership for their fulfillment. This relates, let us say, to the question of the 600-ruble tax for the use of each specialist in agriculture and also to the proposal on the affirmation of the Model Statute of the kolkhoz, which was passed a long time ago but still does not have the force of a legislative enactment. The party congress approved of the establishment of the Peasants' Union. But this is not enough. A special law "On the Peasants' Union in the USSR" is needed. It must define its rights and obligations and the interrelationships at all levels. The necessity of changing all aims regulating the activities of peasants and of prohibiting all interference in their production activities logically follows from the multitude of legislative acts and here it is long since time to use authority. Or take the struggle between the city and village with respect to debts. Everyone knows that the peasant does not owe anyone anything. His debts were "drawn in" to drive him into a corner and not to allow him to respond to open robbery.

[Chudakov] But the Government of Russia has already announced the writing off of debts....

[Starodubtsev] Yes, and the government of the country as well. But as for the priority of the countryside, about

which we have long spoken in the hope of saving the peasantry, there is no such priority and will not be after the write-off of these so-called debts. Worse things might happen. It might happen that the countryside will be in a disadvantageous position even after the planned raising of purchase prices, because the prices for industrial output will rise so rapidly that the prices for agricultural output will simply not be able to keep up with them.

By the way, many examples of this were presented at the first meeting of the board of the Russian Agrarian Union. It was therefore proposed to the government that it introduce new purchase prices as soon as possible. Some of the prices were raised, whereas others will be only after the beginning of the new year. But how can one live without compensation for the additional expenditures in connection with the introduction of new wholesale prices? In Russia, in connection with the protocol of its joint meeting with the republic Council of Ministers on 9 February of this year, Gosagroprom allocated some budget appropriations that along with other measures totaled about 3.2 billion rubles. But it is necessary to take into account the fact that the new purchase prices, just as the wholesale prices, were taken out of the air. These new prices do not do anything for the peasantry. And in Russia alone there will be more indebted farms by the end of the year.

Industrialists are continuing to raise prices for their output, whereby their dictates and robbery of the villages are inexplicable. How is that? The deprived class that today is asking for protection from its older brother the worker is being subjected to double robbery by him. Not only are prices being inflated but also the industrial enterprises are imposing tribute on the peasants. Even for planned output, the supplier plants are refusing to sign contracts under various ridiculous pretexts, imposing tribute on the farm: if you give us an advantage in kind, we will sign a contract; if you do not, look for another supplier. And, having secured this tribute for planned output, they force the peasant for its production to deliver a crane or allocate people or procure raw materials. How is this to be understood?

Only as an industrial racket on a state scale. For the state is not punishing those who, in exploiting the poverty and destitution of the peasant, try to take for their own benefit. This is why today our Peasants' Union must protect above all the interests of the peasantry.

[Chudakov] Vasilii Aleksandrovich, as I recall, they have written off the debts of peasants several times. But with the passage of a little time, they are again in bondage.

[Starodubtsev] They write off kopecks but take away a lot. And now as well, the union decision on the writing off of debts is a half-measure. The Ministry of Finance finds all kinds of loopholes to subjugate the peasant and artificially creates such a state of finances that the peasant cannot develop. Let us say that they pacify the peasants with an expected increase in purchase prices at

the beginning of the new year but today he is already forced to pay too much for farm equipment and for building materials, going into debt. If they raise purchase prices, it is necessary to raise retail prices and accordingly wholesale prices will also rise again. And before it comes around to new purchase prices, some time will pass in which the scissors of the Ministry of Finance will shear a large tuft of wool from the peasant. So there is no change in the existing system of fleecing the peasant: if somewhere something remains with the state, someone will end up with it. No civilized state in the world can permit itself to have such a monstrous attitude toward the peasantry. After all, the peasant did not even receive the right to a pension until 1966. At the same time, our ideologists strained themselves in talking about social justice. People were killed not so much by the fact that they were thrown to the mercy of fate as by the demagoguery of these propagandists.

[Chudakov] As I understood it, the draft for new prices does not restore justice. Minister of Agriculture and Food of the Russian Federation, G.V. Kulik thinks that 10 billion rubles to make ends meet in the agro-industrial complex are lacking in Russia alone.

[Starodubtsev] Yes, the distortion is still to the disadvantage of the countryside. These 10 billion rubles will go to plug up holes.

But it cannot be said that today the entire peasantry finds itself in the same position. It is a huge country with different conditions. There are, of course, zones where people live rather well but the biggest part is literally in need of salvation. And here we are not just talking about some additional capital investments: a poultice is no help to a dead man. It is a matter of a fundamental solution to a problem. Take, for example, the Nonchernozem. Hopelessness. Russia, the center of our state, has become depopulated—a desert—between Moscow and Leningrad. And if there is not a complete turnaround in the approach to the problems of the peasantry, the rural areas cannot be restored and a national tragedy is unavoidable. I am not trying to frighten people by repeating this. This is the forecast of scientists. Today it is no longer possible to save the situation through half-measures and petty handouts. Today it is necessary to appeal to all of our people: "Open your eyes at last to the truth!" If necessary, hold a referendum but determine concisely and firmly that in the next 5 years everything needs to be given to the countryside only! Even to the point of stopping construction in the cities and dispersing industrial centers throughout the country. It may be that 40 percent of small and medium-sized industrial enterprises, especially processing enterprises and those producing building materials and consumer goods, need to be shifted to the rural areas.

I understand that such a solution to the problem will initially be painful for the entire country. But if the question of the peasantry is not resolved today, tomorrow will be worse. Every day of delay in carrying out the urgent measures that the Founding Congress of

the country's Peasants' Union proposed to the president and USSR Supreme Soviet for implementation merely takes us farther from the objective of restoring the peasantry.

REGIONAL DEVELOPMENT

Tkachenko on Issues in Ukrainian Agriculture

90UN2608A Kiev PRAVDA UKRAINY in Russian
21 Jul 90 p 3

[Interview with Aleksandr Tkachenko, first deputy chairman of the Ukrainian SSR Council of Ministers on Agro-industrial Complex Developmental Issues, by correspondent A. Gorobets; date, place not given: "Everything Has Been Said: Now To Business..."]

[Text] As is known, the 18 July meeting of the Ukrainian SSR Supreme Soviet by a majority vote confirmed A. N. Tkachenko the first deputy chairman of the Ukrainian SSR Council of Ministers on Agro-industrial Complex Developmental Issues. Our correspondent met with Aleksandr Nikolayevich and asked him to answer a number of questions.

[Correspondent] I firmly congratulate you, Aleksandr Nikolayevich, for your high position in the republic government, and, in a purely human way, I sympathize with you because today this is the most difficult area of work.

[Tkachenko] Yes, it is difficult. This is apparent, if only because in discussing my candidacy in the Supreme Soviet committees, an alternative president was not found for this post. But I am an optimist by nature. And there is a strong basis for my optimism—concrete business. Recently we have talked a lot about the destruction of the village. Unfortunately, these are not exaggerations; everything is true. But don't forget that our current village produces a ton of grain per capita. It was this way last year, and it will be the same this year, as is already known. It may be said, our long held dream has been realized. And this is not simply luck or good fortune. I see a regular pattern in it. We expended a lot of energy in the matter. Scientific guarantee of grain production played an enormous role. Intensive technology for cultivation of cereal crops not only proved its value, but also gave an indication of our new potentialities. If tomorrow we use it for 10 million hectares, we will harvest 55-56 million tons of grain. That is, we shall produce 1200-1300 kilograms of grain per capita.

[Correspondent] The question comes up: how much grain do we need in all?

[Tkachenko] Grain is the foundation of all agricultural production. For grain is milk and meat and eggs. Having become a sovereign state, we first of all will begin revision and creation of a new integral agricultural system with a change in the grain crop structure. For years we have showed the center, that it is not profitable

for us to produce so much wheat and that it is impractical to "burn" it in the stomachs of animals. An energetic crop, such as corn took a back seat. Alas, everything was strictly regulated; the state order was a heavy burden for the farms. Even if you gather it with a broom, send grain to the union fund.

Sovereignty is above all the gateway to common sense in land management. It is a new economic policy in agriculture and the yield distribution system. What do I have in mind?

By state order every year we supplied 17 million tons of grain to the union fund. In addition, we sent more than 600 thousand tons of meat at slaughter weight and more than 3 million tons of milk products and 1.3 billion eggs. If all this were converted into grain, it would be 6-6.2 million tons. That means, in view of the state order we sent more than 23 million tons of grain, leaving ourselves a significantly smaller portion.

[Correspondent] The result is there is not even a ton of grain per capita...

[Tkachenko]...400-420 kilograms.

So how will a grain policy be drawn up? We are revising the structure of areas under grain in connection with how much food and forage grain we need for ourselves and, of course, for the market. Do not forget that we have to buy a great deal. Oil products, building materials, tractors, farming machinery. For example, 80 percent of cars we drive are from beyond the republic boundaries.

[Correspondent] That means, the state order for grain, meat, and milk no longer exists for the kolkhozes and sovkhozes?

[Tkachenko] That is not completely so. We have to send grain to the state. But this state is a sovereign Ukraine. Don't let the readers interpret this, however, as verbal tightrope-walking. There is deep meaning in it. With its grain potential the republic government can conclude mutually advantageous agreements with the union republics for the purchase of different goods and products, placing the interests of Ukrainian workers above everything else. What happened before? The Ukraine produced 24-25 percent of the national gross output of the country and received 12-16 percent of its material provisions under it. I am not even speaking about purchase prices; those have always been set lowest for our republic.

As concerns the form itself of the state order, apparently it will have to be maintained for some time. This is why. We have grown accustomed to asserting that price stimulates production growth. But this is not always true. It seems that prices for sunflowers have already been increased to the maximum. But, strangely enough, the areas under cultivation have already been reduced. Price without a state order did not work out.

Conclusion: our enterprise leaders and specialists are not prepared psychologically. In order to stabilize the

economy, the village needs the state order. But,—and I am being specific—the republic state order. Its share in production must be no more than 60-70 percent. The rest is necessary, so to speak, for economical maneuvering of workers so that in the end they may work out approaches to a market economy.

[Correspondent] As is known, the republic produces about 5.2 million tons of sugar, and we use 1.7 million...

[Tkachenko] Apparently, you want to ask about the most painful item—the product rationing system. I think that now when we have changed from an ordinary sugar producer to a dominant one, the problem must be immediately resolved. What does it mean to abolish the rationing system?—It means to increase the maximum realized by 200,000 tons. The republic government has to take this step, I think, no later than September. To accomplish it will be the task of our conscience.

[Correspondent] Aleksandr Nikolayevich, do not forget that the Ukraine, while it is a sovereign state, is a country without boundaries. Besides the republic, it is unknown where to abolish sugar rationing as we have.

[Tkachenko] Do not forget another thing. Now we have councils, which have local authority. Their business is to organize production rationally in their territory.

[Correspondent] Soon the meeting of the Republic Supreme Soviet will turn to examining the issue of the priority of village development. What is your opinion on this issue?

[Tkachenko] We have now talked a lot about parity of prices between the city and the village. We still have to talk about parity of living conditions between the village and city inhabitant. The village inhabitant does not need a tramway or subway. He needs roads and a heating system. If supplying gas is difficult, domestic electricity must be supplied so that homes be heated, as is the case in all civilized countries.

[Correspondent] But how will this be achieved?

[Tkachenko] I think that the revival of the village is not the business of Gosagroprom [State Agro-industrial Committee] alone. It is the business of the entire sovereign state. And all the ministries, which will be formed must work for the city and for the village to the same degree. But today even more for the village. Let us suppose you are the minister of culture. You must take responsibility before the people that theaters, studios, and known masters of art appear before village audiences as often as they do before city audiences. Let us say that I am the minister of light industry; I must personally take responsibility that everything from socks to hats is in the village store. And that there not be state goods in the city, while in the village there are cooperative goods.

In short, in the near future, I want to unite the efforts of all the ministries and departments to raise the peasants' standard of living. I believe it will happen.

[Correspondent] A very painful question: part of the population lives in the village and works in the city. The village maintains a cheap labor force for the industrial enterprises.

[Tkachenko] I raised this question more than once at the meeting of the Supreme Soviet, in the Central Committee Plenum.

[Correspondent] Aleksandr Nikolayevich, how will you act?

[Tkachenko] Everything has been said. Now it is time to get down to business. So-called pendulum migration in the republic is 1.6 million people. We have calculated that by the most moderate industrial prices, it is necessary to pay the village 2.5 billion rubles as compensation for the use of its cheap labor force. It is certain that these people, who live in the village, use schools, stores, hospitals and all the other institutions that were created by the resources of the kolkhozes, sovkhozes, and village soviets. Through the Commission on Agrarian Issues of the Supreme Soviet of the Ukrainian SSR, I shall strive for justice to triumph here.

[Correspondent] Do you remember that not long ago you came out for the separation of the Ministry of Agriculture out from under the Gosagroprom system? What is your present position?

[Tkachenko] I look at all that differently now. The Gosagroprom system has proved its value. In four years the APK [agroindustrial complex] has doubled its worth. Out of 12,500 enterprises we have in all nine unprofitable ones. Four years ago APK profitability was 16 percent, now it is 32.5 percent. This says something. Now we are fulfilling all the plan indices.

The meeting of the Supreme Soviet proposed the creation of a Committee on Machinebuilding and a Committee on Social Development, which will become parts of the Gosagroprom system. I am convinced that once they are developed into full power these two large units will breathe new life into the sector. In other words I take the position that now, in connection with the conversion to a market economy, it is necessary to strengthen the integrational processes in every way; production must not be separated from processing. It must be a single, indivisible complex, which, while working for the market, would work for a living wage.

POLICY, ORGANIZATION

USSR Union of Construction Workers Established

90P50114A Moscow TRUD in Russian 22 Sep 90 p 1

[TASS report: "Union of Construction Workers Created"]

[Text] A new public organization, the USSR Union of Construction Workers, was created at a constituent congress, which took place 21 September in Moscow.

The basic tasks of the union are, briefly: the drawing up of policies and the coordination of joint activities in the new economic conditions on the basis of analysis and forecasting of the development and state of the investment, contract and design work, building materials and construction markets and the guaranteeing of legal and social protection of union members. An important aspect of the work is the organization of joint activities for developing the production of new building materials.

The participants of the constituent congress approved regulations for the USSR Union of Construction Workers and elected as its president USSR Gosstroy Chairman V.M. Serov.

POLICY, ORGANIZATION

All-Union APK Commodity Exchange Planned in Ryazan

904D0215A Moscow SELSKAYA ZHIZN in Russian
30 Aug 90 First Edition p 1

[Interview with Anatoliy Mikhaylovich Polyakov, chief of the Main Planning and Economic Administration of the Ryazan Oblispolkom, by A. Zholobov, SELSKAYA ZHIZN correspondent: "A Commodity Exchange. Why?"]

[Text] Our conversation with A.M. Polyakov, chief of the Main Planning and Economic Administration of the Ryazan Oblispolkom, began with this question. And this question did not come up just by chance. It has been decided to base the All-Union APK Exchange in Ryazan.

[Polyakov] And this is not just a desire; practical steps have already been taken toward its implementation. Recently a meeting was held of representatives of the founding organizations of this unusual, for us, institution where the most diverse financial and commercial transactions will be concluded between producers, suppliers, and buyers of commodities.

The country has already passed laws on land, ownership, and leasing. Free enterprise is developing. This process will develop even more actively with the transition to market relations. You could say that agriculture already has one foot in the door to a market economy.

Of course, a body will be required to provide assistance to the kolkhoz, sovkhov, cooperative operator, or some other owner of products as to where and how best to sell them and with whom to conclude the most favorable transactions. Our commodity exchange should assume these intermediary functions (as this exists in any market practice).

[Zholobov] Who are its founders?

[Polyakov] The Agrosnab and the "Agropromsnab" All-Union Scientific Production Association located in Ryazan were the first to advocate creating such an exchange. The Ryazan Oblispolkom and a number of other organizations and APK enterprises supported this idea.

[Zholobov] Why was it decided to base this new market economy structure in Ryazan?

[Polyakov] One can explain this by the fact that agroindustrial complex of the oblast is a multifaceted system. Zonal specialization is in effect here, providing for the most effective utilization of natural and economic conditions. Development of grain farming is combined with development of potato farming, vegetable farming, and dairy and beef cattle production. The oblast's APK system has several scientific and scientific production associations, design bureaus, and enterprises producing agricultural equipment.

You also must not disregard the convenient location of the oblast, on whose territory several main highways run linking the central part of the country with the southern and eastern regions. Therefore, the founders also agreed that it was best to put the All-Union APK Commodity Exchange in our city.

At their first meeting, their representatives elected the governing bodies—the exchange committee and its chairman. A.Kh. Yafarov, chief of the Main Agroindustrial Supply Administration, became chairman. They also approved the charter and other documents concerning the vital activities of the exchange.

[Zholobov] Who can be a member of this new structural subdivision of the market economy and on what conditions must their mutual relations be structured?

[Polyakov] Each who wishes to become a member of our exchange (this may be any organization, APK enterprise, cooperative and lease formations, and peasant farms) pays share dues necessary for beginning the activities of the exchange—staff wages and setting up and developing its material and technical base. First of all, we must set things in motion and then we will see: if we begin earning a profit, each founder will receive his share depending on the contribution made toward developing the overall enterprise. We already have an exchange fund amounting to more than 3.5 million rubles. We have begun forming a staff of brokers—intermediaries in concluding trade transactions. For a start there will be 25 of them with a salary of 500 rubles a month. These are people who should have a good understanding of the "secrets" of market commerce.

[Zholobov] Where do you get such people, and who trains them?

[Polyakov] I already said that the "Agropromsnab" All-Union Scientific Production Association is operating in Ryazan. For a long time now it has been working on scientific elaborations of efficient plans for siting lines of agricultural equipment, the study and introduction of automated systems for managing the economy, and problems of supply and demand of APK material and technical assets. Now it is also involved in studying all production of kolkhozes, sovkhovs, and processing and other sectors servicing them.

The All-Union Institute for Increasing the Qualifications of Agricultural Specialists operates next to it on the same territory. Incidentally, it is also one of the founders of the commodity exchange.

In connection with the creation of the commodity exchange, the APK is changing the functions and the nature of operation of the entire Agrosnab system. Whereas its departments were always involved just in the distribution and dividing up of funds, now with the creation of the commodity exchange it must constantly study supply and demand for all types of agricultural products and look for opportunities for sale and exchange with APK organizations.

Low Status, Influence of Uzbek Co-ops Lamented

904D0157A Tashkent KOMSOMOLETS
UZBEKISTANA in Russian 7 Jun 90 p 2

[Article by S. Pasko, executive secretary of the Tashkent coop union: "The Business Reader—Polemical Notes: Where Is the Pendulum Swinging?"]

[Text] The Uzbek SSR State Committee for Statistics computed that in January 1989 the republic had 3,226 cooperatives with over 71,000 employees. Of the total national income of R22 billion, the volume of goods realized by co-ops was over R224 million rubles. Not a little!

It was before the angry speeches against them at the USSR congress of people's deputies and the discovery by the union and republic ministries of finance of all the mines in the law on cooperatives directed against the monopoly of the sole acceptable custodians of the public good; it was while the newspapers still exulted in the achievements of our domestic entrepreneurs. Yet, the pendulum had already swung.

In the first half of 1989, the number of people working in co-ops rose to 100,000, but their contribution to the economy was no longer mentioned in the report published by the State Committee for Statistics. Why not?

There had been plenty of speeches and articles demanding that "these loopholes for thieves and shadow economy wheeler-dealers" be closed. The Ministry of Finance took three cracks at the law on cooperatives.

However, the situation was different in different republics. In the Baltic, cooperatives flourished (as they continue to do, despite all political storms); they lived nicely in Uzbekistan and grew slowly in the RSFSR. Yet, it was there that the first blow was struck.

Last August was, for Krasnodar Kray cooperators, very similar to August 1914. When they passed the decision to shut all of them down, kray ispolkom deputies did not even bother to read the law. A month later, at the end of September, the same scapegoats for the economic crisis were found in sunny Uzbekistan. The notorious ukase was passed.

In the fourth quarter of last year alone, the republic budget, thanks to mass closures of coops or transfer of their head offices to the neighboring Kazakhstan, lost R4 million in taxes. This year, according to the calculations of the coop union, the total will be even higher.

Indeed, the habitual pyramid of our economy has no real place for cooperators. Even when they are protected by law, they barely fit the existing reality. Maybe the coops themselves are to blame for it?

It is no secret any longer that "collective ownership of means of production" and "collective decision-making" at cooperatives is, in a majority of cases, nothing but lip service to the relevant articles of the law on cooperatives.

One or two people, the so-called founding fathers, usually own the assets and make all the decisions. Such is human nature that the majority of enterprising and committed people seem to be individualists.

The author of this article has taken part in creating cooperative unions in Uzbekistan. What can I say? Individualism, distrust for others and huge egos have kept cooperators from grasping all the possibilities inherent in a public organization such as the coop union. The union does not even have the protection afforded by its own bank which has been discussed for over a year without any action. Consequently, any new circular passed by the Gosbank fells new victims among cooperatives.

Cooperators lack also their own newspaper, which alone can be its mouthpiece and protector of frequently trampled rights. Before the ukase was passed, of course, Uzbekistan had several cooperative newspapers, but their publishers cared primarily for their own profit and not for the general good of cooperators. It can be said that they too perished by their individualism.

In the new supreme and local soviets in the UzSSR, there are practically no representatives of cooperatives, and more likely than not they will remain outside our legislative and executive power, no matter how hard Shmelevs, Selyunins and Sobchaks work over there in Moscow.

Will Uzbekistan entrepreneurs be able to overcome mutual distrust and turn their public organizations into a real force helping them and the republic's economy survive?

Editorial Comment

"Polemical Notes" is no empty title. It is the author's job to defend the interests of cooperators. It is appealing that he states his position openly and sincerely.

It is clear that his position is not shared by everyone. The ukase limiting the activities of cooperatives met at one time with heated opposition. But can voices supporting it and arguments defending those measures be disregarded?

Time has shown that the law on cooperatives was far from perfect. The consumer who buys poor-quality goods, for instance, is in a difficult situation. At a state store he has a place to complain. But try to find the culprit when you buy a defective pair of women's boots or sneakers at a cooperative stall.

We hope that the point of view expressed by the author of this note will compel other readers to express their opinions. As the saying goes, the truth is born of an argument.

Effects of Gold, Jewelry Price Hikes Deplored

904D0169A Moscow TRUD in Russian 13 Jul 90 p 2

[Article by P. Mikhaylovskiy: "Have Millionaires Become Even Richer; Whom has the Increase in the Price for Gold Benefitted"]

[Text] Standing on the threshold of the market, the country is scrutinizing its not-too-distant future with especial interest. However, hardly anyone of us today can imagine what such a market and market relationships in general are. Most likely there lies ahead an increase in prices, the depreciation of money and a sharp decline in the purchasing power of the ruble. However, despite the fact that all this waits for us tomorrow, the impression is being formed that we laid the foundation for such a trend in economic development only yesterday.

Many, most likely, remember how the question of increasing the prices for delicacies (caviar, etc.), and at the same time for beer and tobacco, was resolved at the session of the USSR Supreme Soviet at the end of 1989. The deputies amicably voted against it. The assumption can be made that such a voting result was foreordained by the inclusion of beer and tobacco in the list. But later, having required from the government in the name of the voters the implementation of a number of social programs, the deputies at the same time in fact "washed their hands" of taking responsibility for how this would be done. As a result, as is well known, the government of our country on 9 January of this year published its decree concerning a 50-percent increase in the prices for gold, silver and precious stones. Thus, about 2.5 of the necessary five billion rubles was found.

Why precisely on jewelry items and why nobody protested as in the case with beer and tobacco? Apparently because the people are still firmly of the opinion that gold and other "luxury" items are inaccessible to the majority of the population. And therefore, they say, a increase in their prices does not affect their fundamental interests. In short, "provided the prices for bread and water haven't risen, we will grow the potatoes ourselves." Hence the conclusion formed over the decades that with an increase in the price for gold the problems of the poor strata of the population are resolved at the expense of those well provided for.

But is it really so? Let's look at the problem more closely. Hardly anybody knows how much gold and jewelry Soviet citizens have. And the distribution—who controls what share of this stock—is even more unknown. It is known only that for the majority it is a single ring while amongst certain strata, mostly corrupt elements and operators in the shadow economy, the stocks are rather great.

And here, in my opinion, is hidden the main reef of the decision about raising prices for gold, silver, etc. Having "found" and added 2.5 billion rubles to the state budget, the government at a single stroke has also increased by

half the value of items made from precious metals and stones already in people's hands. And since its distribution amongst the population is far from even, pensioners, having received a small addition to the pension, don't get hot and bothered that in the process the fortunes of the underground and not very underground millionaires—the basic holders of gold—have increased by 50 percent at the same time. Considering the fact that since the beginning of the sixties alone gold and other jewelry items have increased in price more than 15 times, the increase in their well-being is quite significant.

Precious metals are a peculiar commodity which passes the value accumulated in it from generation to generation. And one cannot increase the prices for it just because one needs to plug a hole in the state budget.

In the USSR solving the problems of the poor at the expense of the rich is a normal thing, it's in our tradition. But under the cover of concern about the indigent to enrich, and considerably so, the rich?.. And this now, in a period of acute social tension, against a background in which corrupt functionaries, accused of hundreds of thousands of rubles in bribes, evade liability only because the investigation is not capable of proving the obvious. The rise in the price for gold has become a satisfactory moral and material compensation for the tens and hundreds of thousands of rubles previously confiscated from them.

Keeping in mind the lack of official statistics, I will venture to make some suppositions. Knowing the anticipated effect of the price increase, it is easy to estimate that the country produces jewelry items worth 5 billion rubles a year in 9 January 1990 prices. Not delving deeply into remote history, we will arbitrarily assume for the simplicity of the estimates that we have produced these products only in the last 30 years. Moreover, we will consider the volumes of their production in this period to have been constant. Then we determine, roughly of course, a gold stock of the population equal to 150 billion rubles. Let us note, however, that the fact that these items were also produced in the previous more than 40 years of Soviet power has deliberately not been taken into account. In addition, some could have survived since pre-revolutionary times. Thus, with a stroke of the pen the fortune of the owners of gold (and this is not the poorest strata of the population) has increased by 75 billions while the pensioners, as we recall, will get 2.5, and that at the expense of future purchasers. Any shashlik-house revenues fade against such a background.

References in the mass information media to the fact that the reason for this action was the instances of exporting gold abroad that allegedly take place cannot be considered serious, for if these attempts were stopped, then honor and glory be to our customs officials, and if the gold still "flew away" it is immoral to solve the problems of the special services at the expense of the interests of the population of one's own country.

The fact that the increase in the prices for jewelry items was known already two months before the fact itself from the official price lists also deserves attention. The speculative buying-up of items made from precious metals has taken place precisely for this reason. How many people, who has "warmed one's hands" and for what amounts, how much "grease" has the trade network skimmed off for reliable information and services and how much has the budget lost at the same time, one can only guess. However, something lends itself to calculation. For example, if one knows what amount gold was bought up for during these last two months, 50 percent of it constitute direct losses to the state. One can assume that they are about 500 million rubles.

It is possible that the figures on whose basis the author's calculations have been formulated differ from the true ones. It is possible that a more precise procedure for estimating the distribution of capital among individual strata of the population exists. However, this will not change the essence of the problem.

FOOD PROCESSING, DISTRIBUTION

Reasons for Chelyabinsk Riots Examined

904D0220A Moscow *RABOCHAYA TRIBUNA*
in Russian 2 Sep 90 p 2

[Article by special correspondents I. Baranovskiy, A. Terekhin and N. Tyurin, Chelyabinsk: "Riot in Revolution Square: Who Provoked It in Chelyabinsk? What Forces Prodded Young People to Commit Outrages?"

[Text] Five persons arrested, 64 wounded, 11 of them law enforcement officers, five buses, three trolley buses and around 20 police vehicles mangled, 68 store windows broken, great suffering by the Kurchatovskiy Rayon Executive Committee—such are the deplorable results of public disturbances in Chelyabinsk.

There were many reports of the dramatic events in this Ural city in late August. Now the time of hot news flashes has passed—the time of analysis has begun: How, why, at whose doing could such a thing have happened? But before going into the causes of the extraordinary incidents in Chelyabinsk, let's recall some of the most typical episodes of the events that shook the city.

Day One, 22 August. Severo-Zapadnyy supermarket.

It all began with a fight in a sullen, endless vodka line. Such lines are not all that rare here, by the way. And no wonder—up to a thousand persons line up at the barred alcoholic beverage window. And that's not all: There is no escaping the young gorillas hanging out here, shaking down the customers a ruble apiece for the privilege to approach and leave the coveted counter. On what grounds? Oh, for no special reason, sort of like paying a museum admission.

It was on this day, at around 1400 hours, that 40 cases of vodka were released for sale. They were gone in minutes,

of course. Another "reload" of 300 cases of alcohol was on its way. But then something unforeseen happened—they closed the store. Why? There are different versions—either the vendors intended to divert the goods into the black market, or a scuffle in the line kept them from carrying out their duties. Whatever the cause, the doors were slammed shut right before the nose of the excited crowd. And shut tight at that. Tempers went beyond control. The first stone of these events was launched at the store window. It was then that the crowd came up spontaneously with the idea of marching on the Kurchatovskiy Rayon Executive Committee with its grievances. It's hard now to explain what spurred the people to take such a step. From all appearances the law of critical mass had gone into action—the "vodka" problem, after all, was far from the most acute in Chelyabinsk.

In time, around 200-300 persons gathered at the rayon executive committee. Officials failed to respond in any way to appeals from the crowd to speak with them. This is when the rioting began.

Work superintendent B. Suprun, an eyewitness of the events, told it like this:

"My house is right opposite the rayon executive committee, and I could see everything from the ninth story balcony like on the palm of my hand. At first the crowd tried to overturn one trolley bus, and then another. They weren't successful. But the effort did nothing to quell the emotions—the crowd dragged benches and all kinds of trash out into the traffic lanes of Komsomolskiy Prospekt and torched it. This brought traffic to a standstill, of course. And then it went on from there: They began breaking out windows in the rayon executive committee and destroying nearby vehicles to the tune of whoops and hoots. When the police finally rolled up, the crowd charged their vehicles with a roar and beat their sides with a vengeance. Unprepared for such a turn of events, the keepers of the peace made a hasty retreat. To be honest, I've never seen such a witches' sabbath before. There was no limit to the anger."

RSFSR People Deputy V. Pustovoy, chief of the Chelyabinsk City Executive Committee Internal Affairs Administration, had this to say:

"I arrived on scene at around nine in the evening. By this time the crowd had grown noticeably. Judging from everything, there were both inveterate hooligans and run-of-the-mill idlers in it. As much as a thousand people were gathered before the rayon executive committee. I introduced myself. The least offensive thing I heard in response was "stinking cop."

"I began talking with the people: What brought them here, why were they unhappy? The responses varied—some claimed that the tobacco factory was bursting at the seams with cigarettes, but the store shelves were clean as a whistle. Someone heard somewhere that meat was rotting in warehouses and subsidiary farms, and that vendors were speculating with vodka every chance they

could, and taking it home for themselves. When I asked for facts, the crowd fell silent. Having let off steam, the crowd slowly began to disperse."

Unfortunately, the events of the first day did not end with this—around 80 intoxicated and particularly surly youths remained in front of the raykom. The hooligans continued to burn boxes and benches, accost passers-by, and speak abusive language. Police forces—training center cadets and patrol station services—were brought up to the site of the incident by this time. But they were in no hurry to apply force: They waited until the idlers and innocent passers-by dispersed, and it was not until two in the morning that they scattered the raging drunken mob with rubber clubs.

What was the cause of the situation that evolved here in late August? First and foremost was the daily mounting scarcity of consumer goods. Here are a few typical figures: As of the beginning of September the residents of Chelyabinsk were able to redeem only 93 percent of their August coupons for sugar and a little more than 80 percent of their coupons for meat products, while the shortfall in tobacco articles totaled 700,000 rubles. The list of hard-to-get items included not only alcoholic beverages but also dairy products, vegetables and potatoes; the prices of apples, watermelons and grapes never dipped this summer below the maximums reached last year. The stores are either empty or girdled by the longest lines ever.

As far as industrial goods are concerned, 13,000 items have disappeared from the shelves in the last few years, and although the statistics assure us that the stockpiles of, for example, household goods and cultural articles have increased by as much as 9 percent, the demand of the population is barely being satisfied by two-thirds. Why? Because with everything being scarce, the citizens of Chelyabinsk are buying up everything indiscriminately, including watchbands and synthetic carpet strips, thus encouraging excess profits from sales.

Clearly in this Ural city of a million, which had become accustomed over the decades to not all that generous but at least guaranteed supply, the people's displeasure, irritation and anger are capable of extremely high and rapid concentration. Chelyabinsk is unique, after all, precisely that in behalf of the country's strategic interests a huge industrial complex was created here, one establishing inseparable bonds between civilian and defense sectors. Metallurgy, machine building, chemistry and construction industry swallowed up thousands of hectares of Southern Ural timber stands, and mutilated not only the landscape but also the principal components of the environment—the soil, the water, the air. It would be sufficient to say that the countless smokestacks of Chelyabinsk Oblast release 2.5 million tons of toxic substances into the atmosphere each year.

Under such conditions, wouldn't you have the right to demand stable compensation?! But here's the rub: thanks to perestroika, we have now learned to soundly criticize

the economic model, but alas, we haven't learned how to counter the rising economic chaos. Today, the citizens of Chelyabinsk are experiencing the full brunt of the blows of the disintegrating system for controlling resources, consumer resources primarily.

We can see the question coming: But what is the oblast's agriculture doing? Are the industrial giants really unable to haul the countryside up to a level sufficient for it to dependably supply the cities with the basic foodstuffs? In the opinion of our respondents in Chelyabinsk, this prospect is unrealistic within the next few years. Currently only 3.75 percent of the oblast's employable population is working in the countryside, while the productivity of the farms and their social infrastructure leave, as they say, much to be desired. And although Chelyabinsk Oblast peasants are not sitting around idly—there are examples of truly effective labor here, it is impossible to correct the basic economic imbalance in the oblast through local resources only.

Day Two, 23 August. Same scene as before.

Groups of people excitedly discussing the events of the previous day once again began gathering from early morning on Komsomolskiy Prospekt in front of the Kurchatovskiy Rayon Executive Committee. Blood-curdling rumors of unprecedented police brutality passed from ear to ear, embellished with more and more new improbable details with every hour.

From B. Suprun's narration:

"The crowd was not predisposed to dialogue. Like the day before, they burned benches, empty boxes and containers of kerosene. For some reason they ravaged an ambulance and broke the windows out of a bus. Sumin, the chairman of the city executive committee, appeared. He made his way up to an improvised podium and began saying something. But no one wanted to listen to him, and anyway, they couldn't—how can you shout out a crowd without a megaphone? At that moment an OMON [expansion unknown—probably special riot police] detachment of 50 persons showed up on the street. Several ranks of ordinary police were behind them. It was as if the crowd was only waiting for them to arrive. As soon as people in uniform became visible, it rushed toward them. The assault on the OMON detachment began—there was no way for them out of this predicament, I thought."

V. Pustovoy's statement:

"The training center cadets withdrew as ordered, but the OMON detachment was unable to do so. How can you turn your back on hooligans showering you with a hail of stones? Regrouping, the men fitted their shields together into a special configuration—the ancient Romans used to call it a testudo. But even this handmade fortress was unable to withstand the onslaught of the infuriated mob. Surrounding the policemen on all sides, youngsters literally riddled the men with cobblestones from a range of 3 or 4 meters. Chunks of asphalt, bottles, cans of paint and

bolts flew from the roofs and balconies. Lieutenant Colonel V. Sennikov, the OMON chief, was wounded in the head. Another seven of his subordinates were hurt. It was not until then that the order to attack the unbridled hooligans was sounded. The street was cleared by one in the morning."

Later the police were accused of escalating the tension, and of organizing a preplanned slaughter. But here is an interesting detail: Long before the subsequent battle, young people had come together in front of the rayon executive committee with their pockets and shoulder bags swollen with heavy stones. Were these "weapons of the proletariat" really necessary for peaceful dialogue?

The sociopolitical backdrop on which the vodka rebellion unfolded is perhaps typical of any large city. It consists primarily of party committees almost completely removed from positions of authoritarian power, plus the turmoil and unprofessionalism of the recently elected local soviets and their executive committees. As in all other places, public movements—these embryos of political parties which taken together make up a real opposition to the CPSU—have been undergoing active formation in Chelyabinsk over the last 1.5-2 years. How are all of these factors related to the events in Revolution Square and on Komsomolskiy Prospekt?

"I think that we need to distinguish a minimum of two problems," said Chelyabinsk City CPSU Committee Secretary A. Belishko. "First of all the riot became the focal point of the long-accumulating anger over living conditions the city's residents were forced to endure. Second, the excesses might not have occurred, had the trade system, the police, the rayon executive committee and all of us acted more competently and efficiently. It is true that there is tension in the city, that this tension is growing, and that there is no way of getting away from it. But once this is so, we need to learn to quickly and effectively quench the most acute conflicts. For example workers of the Kurchatovskiy Rayon Executive Committee made absolutely no response to the demands of the crowd for 5 hours, as a result of which emotions rose to the limit."

We were told at the oblast CPSU committee how a television broadcast in many ways dispelling the rumors flying through Chelyabinsk was organized in quick time. The oblast and city newspapers reacted effectively enough, and many of the party workers were in the very heat of the events of those days. Nonetheless it seems as if the mood in the oblast committee could have been better. The consequences of the major scandal that surfaced here a month ago apparently had their effect. What essentially happened was that during an inspection of public food service enterprises a deputy commission discovered a hidden storeroom chock full of delicatessen items in the obkom building.

The public did not accept the explanations given by the obkom secretaries. As a result the obkom's first secretary A. Litovchenko received a reprimand at a plenum, and

obkom secretaries Yu. Aleksandrovich and V. Sergiyko, who were also subjected to party punishment, are going into retirement, having declared that the sanctions imposed against them were unjust. One can only guess what sort of response these facts produced in the city's and oblast's party organization.

The disturbances caused by intoxicated youngsters, among whom there were many people with a criminal past, were deemed to be a dangerous and intolerable phenomenon by the labor collectives of Chelyabinsk. It was even proposed that workers' detachments should be organized to maintain public order in a case where events could not be contained.

We visited the Chelyabinsk Tractor Plant, where they also began efforts to form detachments, but then abandoned them when the situation in the city returned to normal by the morning of 25 August.

"God save us from having to put detachments out into the street," said N. Grigoryev, secretary of the tractor building association's party committee. "Although we have plenty of strong and courageous lads in our organization, they aren't going to solve our problems. The people of the Urals are a tranquil and working people. Were there goods, were there a guarantee of employment, there would be stability as well."

Alas, the situation at the plant is complex when it comes to employment guarantees. As a result of conversion the production operations supporting defense needs have already lost up to 20 percent of their workers. Deliveries of coke, rolled metal and square tubing from the metallurgical plant in Rustavi are late. In early August the oblast newspaper CHELYABINSKIY RABOCHIY hit the streets with an anxiety-provoking headline: "Will the Chelyabinsk Tractor Plant Shut Down?" The slow motion of the economic mechanism along the path to a market economy is the reason for such a prediction. What is the position of the party committee under these conditions? What new things does it propose to communists in order to remain part of the solution of the main problems of implementing perestroika today?

"New things will appear in party work as soon as party members begin to truly feel themselves to be communists. You can't impose ideas from above anymore," N. Grigoryev assured us.

Well, what can we say? We would have to agree with him. But what next? For the moment, unfortunately, all we can count on is a mass exodus from the party. Five hundred forty-two persons gave up their party cards at the Chelyabinsk Tractor Plant since the beginning of the year. Eleven new members were admitted. The party committee has no idea yet how to change this balance.

The public disturbances in Chelyabinsk clearly demonstrated how far not only the man in the street but also some people's representatives have to go before they attain legal culture, and political culture all the more so. We had the opportunity to listen to the stories of many

eyewitnesses and view hundreds of meters of videotape, which helped us to create a picture in our minds of the events that occurred in Revolution Square during the night of 24-25 August. It was clear to any sensible person that the attempt to transform the Bacchanalia in the square into a political rally was unpromising, and even simply irresponsible. Nonetheless some of the leaders of public movements attempted such steps. As an example A. Sviridov, chairman of the city organization of the Russian Democratic Party, demanded the release of all arrested organizers of the disturbances of the day before, without trial and investigation. This doubtlessly played a role in the decision of the drunken youngsters to storm the police.

Luckily such unwise statements were not supported by other neodemocrats who tried to reduce the tension. This helped to prevent an even more destructive explosion.

Day Three, 24 August.

The events now unfolded according to the time-tested scenario. Excited clusters of adults gathered together on the streets in the morning to discuss the urgent problems openly and incisively. Spontaneous rallies occurred and people's deputies spoke here and there. Then towards evening this simmering but still law-abiding public was replaced by gangs of drunken youths. Around 2,000 persons convened. Apparently the previous sight of outrages was no longer interesting, and so the mob decided to move to the city center—Revolution Square. The appeals to action were quite diverse—trashing the oblast party committee, leveling the City Internal Affairs Administration, instigating a Rumanian blood-bath. But the resolute appearance of the police pickets cooled the rebellious fervor, although an attempt was made to break into the city's internal affairs administration. But the arrest of 12 "storm-troopers" was enough to cause the mob to fall back, to disperse through the city, breaking store windows, beverage dispensers and telephone booths once again along its path. This brought the three-day epic to a close.

What else is happening? An investigation is presently being conducted; there are many, many details to clarify. Such as this, for example: Eyewitnesses assert that during the disturbances alcoholic beverages were generously dispensed to the excited youngsters by unknown persons in vehicles without license plates. Who were they, and why did they do this? Other versions exist as well: Mysterious persons with a criminal look were supposedly controlling the youngsters from afar. In a word, law enforcement organs have plenty of work to do for the present.

And so, except for the broken windows, there is nothing in the city to remind us of the three extraordinary days. But that's only in terms of external appearances. The deep-seated causes of the vodka riot have not of course disappeared. They in fact were the topic of discussion in the most recent session of the oblast soviet of people's

deputies, which gave audience to a report from a commission instructed to analyze the incident. In the opinion of many deputies the main cause of the extraordinary incident was that the oblast never possessed, and does not possess to this day, the necessary rights to control its own socioeconomic development. While the oblast produces almost 18 billion rubles' worth of products each year, each year the giant pump of the monopolistic ministries transfers 2-2.5 billion rubles in profit out of here, leaving the oblast nothing but the crumbs. The current budget of Chelyabinsk Oblast will be unable to dependably compensate in any way for the unique difficulties of the oblast center, Magnitogorsk and other cities of the Southern Urals.

What solution do the residents of Chelyabinsk Oblast see for the current situation? Sharply expanding their independence in controlling their economy is first. What this means in material terms is the right to keep a minimum of 10 percent of locally produced products at the disposal of the oblast soviet. According to available estimates this is the amount of real resources which would allow the oblast to quickly bring food industry and medicine back up to its feet and begin major reequipment of agriculture through barter deals in the country and abroad. The oblast soviet is prepared to fight for this goal "down to the last deputy," although it also hopes for understanding on the part of the center.

Ministries Blamed for Serious Baby Food Shortages

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in Russian No 11, 16-30 Jun 90 Special Issue pp 4-5

[Report, unsigned, on investigations by the USSR Supreme Soviet committee on women's affairs and protection of the family, motherhood and children and the USSR committee for people's inspection on serious shortcomings in providing special food products for young children: "Deficit on the Edge of Crime"]

[Text] The USSR Supreme Soviet committee on women's affairs and protection of the family, motherhood and children and the USSR committee for people's inspection analyzed the issue of "serious shortcomings in providing special food products for young children." The following facts were uncovered:

Today, there are over 10 million children aged under two years in this country who need special food products. Milk products and paste are produced in quantities seven times lower, dry formula and milk and cereal mixes half and canned meat one fourth of what is needed. Children get almost no special canned fish or domestic dry formula based on vegetables and fruit.

In most cases it is precisely because they lack a balanced diet, up to 25 percent of all children suffer from hypertrophy, rickets and anemia. In a large measure, this lack impacts on the general incidence of disease and the level of infant mortality, which is 2-to-3 times higher in the

USSR than in developed countries. Breakdowns in children's food supply will affect the health of future generations, as well.

Unlike elsewhere in the world, the factory production of baby food is growing very slowly in this country. Existing enterprises are in a critical condition because their equipment is too old. Meanwhile, milk kitchens are closing everywhere.

In the Russian Federation, baby food production fell 60,000 tons short of plan. Milk kitchens met only 20-25 percent of demand for food for babies aged to two years and 5-8 percent for babies aged to one year.

The republic failed to fulfill the plan for oats and corn production for baby food, to be grown without pesticides, which was the responsibility of the RSFSR state agriculture agency. The Ministry of Bread Products stretched to seven years the construction of a shop to produce dietetic flour. The RSFSR Ministry of Construction Materials failed to fulfill the plan for increasing the production of baby bottles. The RSFSR Ministry of Trade, the RSFSR Ministry of Health Care and the Russian consumer union allocate resources without taking into account the needs of specific regions, based not on the number of children but on "established connections" and goods turnover. Meanwhile, rural children are supplied 2-to-5 times worse than urban ones.

In Bashkiria, an average of six kilos of baby food a year is produced for each baby aged below one year, while the norm calls for 67 kilos. Kitchens in the city of Salavat lack thermostats, kefir is produced under blankets and pot cheese in the dish washing area. Last year, more than eight milk product samples had bacterial content above norm. Due to the lack of raw materials, the specialized combine in the city of Sibay works at only 70 percent of capacity. Powder nonfat milk is brought here from the Ukraine and Kaliningrad, while two thirds of the same product produced in the republic is used as animal feeds.

In Dagestan, at the Derbent canning plant, a baby food shop has been under construction for 10 years. A complete set of equipment has been lying on the territory of the plant for five years. Half of the 39 rayons have no milk kitchens. None of the ones that do is attached to farms that are safe from the veterinary point of view. Numerous cases have been recorded when milk was diluted with water, had lower fat content or came from animals ill with tuberculosis or treated chemically for ticks.

In the Uzbek SSR, despite the high incidence of disease and infant mortality, neither the Health Care Ministry, nor the Trade Ministry, nor the consumer union in the republic know how much baby food is needed. Per capita baby food production is 5-to-10 times below norm. The only baby food shop in the republic, at the Tashkent dairy plant, has the capacity of 100,000 portions a day, but makes only 24,000-to-30,000 portions; even these generally consist of ordinary whole milk which is often polluted. Starting last year, babies from large families

aged under two years have been getting free food from the republic. But doctors do not issue coupons for specific products and shops sell halva, tomato sauce and mineral water for them.

In Kirghizia, few know that meat and fish-based canned baby food even exists. Rural areas have very little baby food available, even though two thirds of all babies live there. In Frunze and Osh oblasts, 51,000 packages of various products were found with elapsed expiration dates, and had to be sent for reprocessing. In Issyk-Kulskiy Rayon, 2,000 packages of "Malysh" and "Malyutka" baby formula were sold to a cooperative to make ice cream. (This constitutes a year's supply of food for 200 babies.)

Who Is to Blame?

The former USSR state agriculture agency, now transformed into the **USSR Council of Ministers State Commission on Food and Purchases**, which pushed the issue of baby food production to the tenth place on its agenda and does not obey government orders;

The USSR Ministry of the Fish Industry, which, while producing nearly three billion cans of fish, has not established a single specialized enterprise to produce baby food;

The USSR Ministry of Health, which has no data on demand for baby food and has developed no scientifically reasoned allowances based on natural, climatic and other differences between regions;

The USSR Ministry of Atomic Energy and Industry, the USSR Ministry of the Aviation Industry, the USSR Ministry of the Defense Industry, the USSR Ministry of General Machine Building and the USSR Ministry of the Electrical Equipment Industry and Instrument Making, which failed to develop plans for building equipment samples and fell 200 technological complexes, production lines and machines short of fulfilling the plan for machinery to produce baby food (some 73 percent of orders);

The USSR Ministry of Trade and the Central Union of Consumers' Cooperatives, which failed to achieve an equitable allocation of resources (the per capita quantity of goods allocated differs 2-to-4 times among republics), did not organize specialized stores ("Semilak," the baby milk substitute, can be found in Moscow even on ice cream stands) and did not ensure the preservation and timely sale of products (they are often sold with elapsed expiration dates);

The USSR State Committee for Science and Technology, which allocated R20 million to 89 institutes to develop new baby food products and design equipment to produce them, but which has no idea how the money was spent. (Products are made based on obsolete recipes using foreign technology 15-20 years old.)

After the conference of the two committees, a resolution was approved requiring the USSR Council of Ministers, jointly with the councils of ministers of the union republics and the USSR Academy of Medical Sciences, to develop a state program by 1991 to provide food for children of various ages and identifying as the first stage the need to provide food for babies of the youngest age. Ministries and departments have been given specific orders. A report on their achievements is due next summer.

GOODS PRODUCTION, DISTRIBUTION

Health Ministry Press Conference Views 'Critical' Medicine Shortages

Domestic Factories Closing

904D0240A Moscow *RABOCHAYA TRIBUNA*
in Russian 26 Sep 90 p 4

[Article by I. Tyurina: "A Critical Situation"]

[Text] Yesterday a press conference was held for Soviet journalists on the subject of supplying the country with medicines.

At the entrance to the building of the Presidium of the USSR Academy of Medical Sciences, where the meeting was going on, a slip of paper had been tacked up: "Pharmacy Closed." Symbolic, isn't it?

As the journalists were told by the USSR deputy minister for health care, A. Moskvichev, the medicine situation is simply critical. It seems that the imported preparations that certain fortunate people have been able to buy in the pharmacies have yet to be paid for by the government. We owe Yugoslavia alone over 50 million convertible rubles for medicines already supplied to the country and sold to the population. Many Western firms are threatening to break their contracts with us, astonished that the government can find hard currency for tobacco but cannot pay for medicines.

Domestically produced preparations are so limited that only a third of the demand for them is being satisfied. But soon apparently even that will no longer be the case: factories are closing for ecological reasons, equipment has become outdated, there is a shortage of personnel, the pay is low, and so on.

Is there a way out of this situation? The general director of Soyuzfarmatsiya, A. Apazov, believes it is essential above all to wipe out immediately all debts to Western suppliers so that they don't abandon us for good at such a difficult moment. Moreover, the Health Ministry is appealing to the government, asking for another 200 million convertible rubles in order to cover the deficit at least to the end of the current year and the first half of the coming year. Also proposed for all of us, unfortunately, are the obvious measures: introducing output norms and

raising prices for medical preparations. Can it really be that, after the "tobacco" and "bread" crises, we also face a "medicine crisis"?

You can read the interview with A. Apazov in an upcoming issue.

Imports Down

904D0240B Moscow *TRUD* in Russian 26 Sep 90 p 4

[Report by V. Belitskiy: "Hurry to the Life Line: One Social Prognosis"]

[Text] On Manezh Square I see a meeting. I'm struck by the unusual outfits and instruments held by the figures around the square: white cloaks tied in back, and white caps, rubber batons also whitened. On closer examination I notice small red crosses on the cloaks. Aha! Why, those are medical coats!

There is also something off about the meeting. Most of the people are wearing old flannel robes and pajamas that are very much the wrong size. Over their heads are pictures of disposable syringes, enemas, scalpels, and various tablets. People are lying on post-op beds placed haphazardly here and there. The crowd is growing quickly. From the direction of Dzerzhinskiy Square, a group of patients from the Silifosovskiy Institute is banging plaster casts, woefully out of "left-right" step, since some people have broken their left and some their right. From Tverskaya Square—apparently from Botkinskiy Hospital—a combined column with chronic internal organ ailments is being wheeled on gurneys.

The ill have come to the Manezh meeting both on their own, and with the help of relatives who for some reason are still getting around independently, and in first aid stretchers, so that their moans and laments will be heard. By whom? If you stand with your back to the Hotel Moskva, then to the right of us is Gosplan, behind us Revolution Square and a stone Marx, beyond the Kremlin Wall the government. A fitting backdrop for expressing one's concern for man. But wait up—no one's listening. No one cares that the country has obviously run out of medicine and isn't about to get any. And the whole country has lined up for what's left. This is not a line for trifles, for luxury items. This is a life line. Whoever's last in this line might as well have a burial service read over them. The only way out is to come out on this square.

I daydreamed a meeting like this at yesterday's press conference at the USSR Ministry of Health. How could one not draw oneself nightmarish scenes of strikes and meetings by patients when they heard the information that came out of the lips of the USSR deputy minister for health care, A. Moskvichev, and the general director of Soyuzfarmatsiya, A. Apazov, yesterday.

Here is their information for consideration:

- In 1990 only 72 per cent of the demand for medicine can be satisfied, including 39 per cent for domestic production.

- USSR Vneshekonombank [Bank for Foreign Economic Activity] is not paying its bill for medicines purchased abroad; 457 million convertible rubles' worth have been received from the capitalist countries and only 115 million paid. Firms have given notice that they are going to curtail shipments. If the contracts are broken, next year the country will not receive vital medicines that we do not produce.
- With the closing of several chemical and medicine factories, the losses of medicine will amount in monetary terms to another 800 million rubles, and the shortfall will increase from 2.45 billion to 3.5 billion rubles' worth.
- For next year, the Health Ministry's demand is valued at 7.5 billion rubles, whereas industry is promising to provide 2.7 billion rubles' worth of medicine, or 36 per cent. But only on condition that they share with the USSR Ministry of the Medical Industry 170 million convertible rubles for the purchase of raw materials, half-finished products, and technology. If the hard currency isn't found, health care will get no more than 19.5 per cent of the necessary medicines.
- It will take at least 5 billion rubles of convertible rubles to fill the priority needs of sick people for next year. Even if they are allocated immediately, the preparations will start coming in no earlier than six months hence (such are the terms of the contracts). That is, until April of next year we will be left virtually without any possibilities for treatment. The situation is becoming especially tragic also because domestic pharmaceutical enterprises have so far concluded scarcely 10 per cent of their contracts with suppliers—which means that starting next year they will have nothing with which to make medicines.

Question: Is the social prognosis I envisioned at the Health Ministry press conference so far from reality?

Physicians are demanding: immediate payment of the bill to foreign firms for medicines already supplied us, which will require about 150 million convertible rubles; passage of a decision to include medicine-related production in the government order for next year; waiving taxes for three years for enterprises producing medicines; creating an alternative medicine industry in places equipped with modern technology, for which Western firms are prepared to provide the means; temporarily introducing fixed output of over-the-counter medicines.

One might say that these demands comprise a program of extraordinary measures for the defense of the people's health and very life for the period of transition to the market. And here is the second question: who is going to pass and implement this program—the government? The president? The soviets of various levels? An answer must be forthcoming immediately. After all, a line for medicines is a line for life, and you can't envy whoever winds up at the end of it.

Association's Financial Experiment May Benefit Consumers

904D0153A Moscow *EKONOMIKA I ZHIZN*
in Russian No 25, Jun 90 p 11

[Article by G. Khizha, general director of Svetlana LOEP, Leningrad: "Profitable for Svetlana—Profitable for the Customer"]

[Text] The problem of a shortage of consumer goods cannot be resolved by appeals or orders. Experience convinces us that exhortations and directive decisions from on high will not produce the desired results so long as we lack effective economic levers. In this regard, we believe that the experience of the Svetlana Association is deserving of attention. Based upon its initiative and a decision handed down by the State Committee for Economic Reform of the USSR Council of Ministers, an experiment will be carried out in 1990. Its purpose—to raise the interest of the working collective of a firm in producing additional consumer goods and increasing the volume of paid services for the population.

In accordance with a decision by the directive organs, expanded rights and privileges were extended to the Svetlana Association last year—all profit from the sale of non-food consumer goods produced over and above the level achieved the previous year remains at the disposal of the enterprise. Certainly, assuming that this level conforms to the task of the five-year plan or surpasses it.

In the further development of this position, the association has now been authorized to utilize this profit at the discretion of the labor collective's council. In the process, the association itself will decide how the earned funds are to be distributed among the economic incentive funds following reimbursement for all actual expenditures. The above applies also to 30 percent of the turnover tax from the sale of additional consumer goods—these funds also remain at the disposal of the collective and are distributed at its discretion (according to conditions which prevailed earlier, the mentioned portion of the turnover tax was employed exclusively for the development of production, science and engineering).

It is noted that for the purpose of carrying out our operations in a branch of Promstroybank [Industrial Construction Bank], we opened up still another current account. What was it needed for? First of all, it is intended for the accumulation not of non-cash money but only cash. It serves as a strong restriction against one of the chief sources of inflation—the conversion of "dead" money into "live" money. In addition, a special regime for the use of this current account is making it possible to include each subunit in the final result (that is, for the sale of goods). An operational account for cash receipts from the sale of consumer goods and services has been opened up for each department in the association's central bookkeeping department. From an economic standpoint, this is proving to be of assistance in interesting our workers in utilizing raw materials and

other materials in a more thrifty manner, in the efficient use of fixed capital, in the rational use of working time and in raising initiative and creative output.

We devoted a great amount of attention to restructuring the system of intra-firm cost accounting. Without it, the experiment inevitably would be limited merely to the association's sphere of "foreign economic policy" and affect only indirectly specific workers and specialists. It was by no means an accident that we discussed so thoroughly and completely the draft statute concerned with stimulating subunits to furnish paid services and to increase the production of consumer goods. Commencing 1 January, we introduced a basically new system for the formation and use of income in specific departments and sections directly engaged in the production of goods and the furnishing of services, or which ensure the development of new types of products, the preparations for production operations or hand down decisions for other associated tasks.

How is the additional income being distributed? All profit from the furnishing of paid services and the sale of additional goods is being placed at the disposal of the direct producers and is being distributed by them independently by a decision of their STK's [labor committee councils]. The funds earned in this manner can be used for issuing material incentives to workers and specialists (but not more than one half of the total amount earned). In the process, the contractual collectives of departments, sectors and brigades decide how best to organize wages. Moreover, the right to use the new system of material incentives can be utilized by a contractual collective only if the plan for the production of the principal output is fulfilled. The other half of the funds earned is employed for the social development of the department's collective and for developing the production of consumer goods and services.

Obviously, in order to ensure rapid growth in the production of consumer goods (extremely high growth is called for in 1990—138 percent), the production departments will require assistance from other subunits. For the creation of incentives in this regard, the production departments are authorized to issue payments from their fund to workers attached to any of the association's services who made a contribution towards increasing the production of consumer goods and paid services. Moreover, a contract can be concluded between a department and the administration of a production unit of which they are a part. For example, a department transfers a definite portion of its profit to a centralized fund of a production unit upon the condition that it will be supplied with completion units in a timely manner, that its equipment will be repaired and modernized, that assistance will be furnished in the development and mastering of new goods and services and so forth. In turn, the resources of a centralized fund of a production unit are used in the manner prescribed by the labor committee council.

It is expected that the resources of the association's centralized fund, formed by means of a 30-percent turnover tax from the sale of additional goods, will be used somewhat differently. These funds are used to provide economic incentives for those collectives, departments and sections which, owing to the existing administrative structure, are not included in the structure of independent production units (services of the chief engineer and chief power engineer, tool department, supply and marketing services and others).

In conclusion, I would like to say a few words regarding price formation, since the erosion of a cheap assortment of goods is becoming a negative sign of our times. Distinct from cooperatives, which perform work and services at prices and rates established independently by agreement with consumers, we sell our additional TNP [tovary narodnogo potrebleniya; consumer goods] at state prices and only when they are lacking do we sell them at contractual retail prices developed on the basis of calculating expenses. At the same time, the possibility of an arbitrary increase in prices and speculation with regard to business conditions and demand and supply is excluded. In particular, I would like to mention that during the course of the experiment the growth in commodity goods will not only conform to the growth in wages for our workers and specialists, but in fact it will surpass it. This then represents still one more barrier against inflation. And finally, the accumulation of cash funds in a separate current account will make it possible to use them in a purposeful manner for development and technical equipment in behalf of the production of goods and services for the population.

Furniture, Building Materials Shortages Examined

Officials Comment

904D0149A Moscow PRAVDA in Russian 15 Jun 90
Second Edition p 4

[Comments by V. Kozlov, deputy minister of RSFSR trade; F. Liner, first deputy minister of USSR timber industry; and V. Tatarinov, deputy head of the independent division of the USSR Gosplan chemical-timber complex; compiled by Ye. Sorokin: "Neither Planks Nor Stools"]

[Text]

[Boxed item]: Who is responsible for the boom in demand for furniture? If you cannot find it in the store, start up your own saw mill. Production is being curtailed while prices rise. [End of boxed item]

Today building materials and furniture are among the many other items of which there is a decidedly "severe" shortage. Despite the measures being taken by the government, the situation is growing increasingly acute. Today, for example, people are registering for furniture suites which they hope to receive in...the year 2011. You can say what you like about speculative demand for

items like soap: they can be stashed away in a cabinet five years in advance. But furniture and building materials?...What, are they being stashed away too?

What is the reason for such an abnormal situation? Here are the replies a PRAVDA correspondent received to this question:

V.Kozlov, deputy minister of RSFSR trade:

The situation is really very complicated. Take building materials. The demand for them is growing with each year. And this is understandable: restrictions on individual residential construction have been removed, and collective gardening and truck farming are developing, along with the cooperative movement.

But requisitions by Russian trade organizations for 1989 were only met by 71.8 percent, and even less of the demand for 1990 was met—56.3 percent. Unsatisfied demand comes to 2.4 billion rubles. Literally everything is in short supply: commercial timber and sawn goods, carpentry articles, planks made of wood fiber and wood shavings, plywood, greenhouses...

In our view, this is happening because during the planning of market allocations for union republics the real demands of the market are not taken into account. For example, an increase of 1,175,000 garden plots throughout the USSR is expected in 1990. Two thirds of this increase will occur in the Russian Federation, but 20-45 percent of all-union market allocations for lumber and building materials has been earmarked for RSFSR Mintorg [Ministry of Trade]. Even less lumber is being allocated. And we are talking about Russia here, the main producer of all building materials.

On paper building materials from "non-specialized" ministries at around 2 million cubic meters are earmarked for sale to the population. And they have refused to even conclude agreements with trade on the 1.5 million "cubic meters." Where are planks in stores going to come from?

Pointing to the absence of raw material resources, enterprises of USSR Minoboronprom [Ministry of the Defense Industry] refused to conclude agreements on the delivery of linoleum in 1990 at a volume of 2,500,000 square meters; enterprises of USSR Mintyazhmash [Ministry of Heavy Machine Building] refused to conclude agreements on the delivery of 700,000 square meters; and USSR Minkhimprom [Ministry of the Chemical Industry] enterprises—on the delivery of 500,000 square meters. Agreements for the delivery in 1990 of a number of other manufactured articles were not concluded.

Would it not be better to give commercial timber to Mintorg for the appropriate processing? This question has been asked at the highest levels, but nothing has changed.

In May of last year this issue was examined at the Presidium of the USSR Council of Ministers, which directed USSR Gosplan [State Planning Committee] and USSR Gossnab [State Committee for Material and Technical Supply] to work together with ministries and agencies in finding the resources for increasing market allocations for 1990 of lumber and building materials, in accordance with trade requisitions for no less than 13 billion rubles. In January 1990, in response to the delay in complying with this decision, the state directed USSR Gossnab to complete the job in the near future. It is difficult to say how this will all end. But the consumer has still not seen any real improvement.

As far as furniture is concerned, there is nothing of comfort to say here either. Resources of household furniture increased in 1990 by 320 million rubles, or 7.1 percent. But the quantity has remained the same. Enterprises are "turning out" more expensive suites, so it is impossible to buy a simple stool, table or armchair.

The fact is that with the transition to economic accountability, the furniture industry is independently creating a trade-list plan and is not responsible for meeting trade requisitions and demand from the population. Enterprises have taken the course of curtailing or removing from production low-profit and labor-intensive goods which are, nevertheless, needed by the population. They are replacing these inexpensive manufactured articles with expensive ones, essentially without improving their quality. They use their rights not for increasing the release of manufactured goods that are in short supply and satisfying the market, but for ensuring their own well-being.

Thus, in comparison to 1989, in the Buryat ASSR the average price for a sofa bed at the enterprises in the association "Zabaykalles" rose by 45 rubles. The price for "a wall" rose by 190 rubles; and the price for the soft furniture "Pervotsvet" rose by 47 rubles. Moreover, without the agreement of trade organizations, the production of sofas was curtailed by 4,000 pieces; the production of magazine tables—by 3,500 pieces; and the production of sofa beds—by 200 pieces. And I could bring in thousands of other examples. They testify to the fact that the furniture industry is chronically ill.

Do not forget that we live in a land of monopolists. Producers know that they will not face competition, so they are not threatened by bankruptcy. For several years we have argued for setting state directives for enterprises not in monetary terms, but using natural calculations. But nothing has changed.

It is entirely clear that since we have taken the course of market relations, we must change the entire system of mutual ties between trade and production. The situation with building materials and furniture is simply desperate. These are not luxury items which people can fully do without. Therefore I am convinced that the strictest measures must be taken.

F.Liner, First deputy minister of USSR timber industry:

I share the concern of trade over the increasing shortages of furniture and lumber. And here, as they say, there is no escaping the answer—our enterprises are producing 81 percent of the furniture and the lion's share of lumber.

Despite the fact that in the last four years Minlesprom [Ministry of the Timber Industry] has significantly increased the production of these goods, the situation in the consumer market has grown even more acute.

A chronic absence of investments in the construction of new enterprises and technical retooling of existing enterprises in the branch does not allow for intensive expansion of the volume of production. Economic reins are not working effectively either.

Thus, the profitability of the furniture industry today amounts to 31 percent. However, only one fourth of the profit remains at the disposal of worker collectives. Of that, only five percent is directed into the fund for production development.

Meanwhile the wear and tear on fixed capital in the last year came to almost 50 percent. The existing equipment pool for the release of furniture, wooden planks, and plywood onto the market has aged. Almost one half of the enterprises are equipped with unproductive machinery which has been used for more than 20 years.

Machinery and equipment from USSR Minstankoprom [Ministry of the Machine Tool and Tool Building Industry] are not only inferior to foreign models, but often do not meet national standards. However, even using this equipment, the branch only meets 20 percent of its needs. Equipment for making wood fiber planks is not even being released on the nation's market at all.

Moreover, furniture is not just wood. Materials are needed, such as cloths, porolon, foam latex manufactured, polyurethane foam elastic, glass, mirrors, accessories, and other articles that make up a set. All of these materials are either being released on the market in insignificant quantities, or they are not being produced at all.

The situation is complicated by the fact that USSR Gosplan, under conditions of an imbalance in the demand for basic materials, is systematically lowering the proportional outlays and limits on lumber from the level attained without simultaneously increasing the limits on effective wood substitutes: pipes, glass, and polymer materials. And this leads to draining off cheap production, for which the Ministry of Trade rightly reproaches us.

Thus, although the rate of growth in the production of furniture last year reached 128 percent in ruble terms compared to the level of 1985, the assortment of furniture released onto the market was much lower.

Under present conditions the Ministry, together with the enterprises of the branch, is counting on retooling existing enterprises using credit from USSR Prombank [Industrial Bank] and Vneshekonombank [Bank for Foreign Economic Activity] as well as barter agreements with foreign firms.

The first results are already available. If in 1986 the mid-year growth in the release of furniture onto the market came to 300 million rubles, then last year it was as much as 560, and in the present year a volume of more than 1 billion rubles is anticipated.

V.Tatarinov, deputy head of the independent division of the USSR Gosplan chemical-lumber complex:

Truly, the furniture industry is now in a very difficult situation. The chief reason is a shortage of furniture cloths and highly effective chemical materials, the demand for which is now being met by 60-70 percent.

The machine-building bureau of the USSR Council of Ministers has directed USSR GKNT [State Committee for Science and Technology] and USSR Gosplan to join those ministries concerned in devising a draft program for expediting the creation and release onto the market of equipment for the production of furniture and wooden planks. This draft is now in the approval stage. For the continuous operation of furniture enterprises until 1995, the following yearly growth in production capacity has been stipulated: one million cubic meters of planks made of wood shavings and more than 20 million square meters of boards made of wood fiber.

I believe that a project by FRG firms that is being studied now by USSR Minlesprom and USSR Minstankoprom, on cooperating with Soviet machine tool factories in the production of equipment for retooling enterprises of the furniture and lumber industry, will correct the situation.

As for lumber, according to the calculations of VNIKS [All-Union Scientific Research Institute on the Study of the Population's Demand for Consumer Goods and the State of Trade] of USSR Mintorg, the population's demand for lumber in 1990 is estimated at 64 million cubic meters. However, the shortage is still not being eliminated. On October 14, 1989, the USSR Council of Ministers directed the union republic councils of ministers to increase the delivery of standing timber in 1990 in response to the requisitions of gardening societies, industrial cooperatives, and individual citizens, as well as industrial enterprises and consumer service enterprises which provide paid services to the population in the areas of repairs, residential and other construction. This will create no less than an additional 15 million cubic meters.

Mintorg has been allocated 9 million cubic meters more than was stipulated in the five year plan for 1990. Thus, the shortage, in the opinion of USSR Gosplan, is tied

first and foremost to such negative phenomena in commerce as the massive buy-up of goods by cooperatives and also the sale of lumber by industrial enterprises and other organizations.

In connection with the introduction of unfounded restrictions on the use of wood on the part of USSR Goskomles [State Committee for Forestry], in 1991 and in subsequent years a sharp reduction in lumber resources is anticipated.

Under these conditions it is impossible to meet the 1991 demands by USSR Mintorg for lumber at a volume of 67 million cubic meters.

Commentary by the socio-political division

So, these officials have not said anything to comfort us. The branch appears entirely unprepared for the "boom" in the demand for furniture.

Without a doubt, the fundamental link which is dragging the entire chain under is the fact that Minlesprom is equipped with poor technology. Millions of consumers are in essence paying today for the past mistakes of directors. Antediluvian technology allows for the processing of only a small part of lumber resources, and the remainder is all discarded. And who, if not Gosplan, should have concerned itself with retooling the lumber branch and promoting the proportional and balanced development of all components of this complex many years ago?

Since we have decided to switch to a regulated market economy, is it not clear that it is precisely commodity-producing enterprises which should receive from the state the most preferential credit, the best tax rates, and the firmest guarantees of financial stability, not at the expense of inflated prices, but through the expansion of production? This would appear to be a simple truth. But instead of the truth, our readers are offered lists of government resolutions for which, it would seem, our country will soon run out of paaper.

Goskomstat Data

904D0149B Moscow *EKONOMIKA I ZHIZN*
in Russian No. 24, Jun 90 p 16

[Article by Ye. Fedorova: "Should We Introduce Coupons for Stools?"]

[Text] Recently our editorial office has been receiving letters from our readers with increasing frequency which ask the same question: why are the furniture stores empty? Are tables, chairs, and stools being released onto the market at all in our country? Can it be that, having bought up all of the imported "residential rooms" and "walls," our mafia has begun to stockpile fold-out armchairs and kitchen tables with equal enthusiasm?

This information on supplying the population with furniture, recently prepared by USSR Goskomstat [State Committee for Statistics], will shed light on the situation.

As it turns out, last year the average Soviet person spent 34 rubles in furniture stores. That doesn't sound like much? Excuse me, but that is a six ruble (or 21 percent!) increase over 1985, according to the agency's director. The supply of furniture is improving, and speculative demand is responsible for everything... It is difficult to agree with such a conclusion. In the period 1986-1989 the production of furniture increased primarily because of the release of expensive suites and sets onto the market. At the same time the production of essential manufactured articles—stools, sofa beds, tables, sofas, couches, fold-out armchairs, and shelves—has in some cases increased insignificantly for this period, or even decreased.

The plan for the production of domestic furniture in cost terms has been overfulfilled for 1989 by 121 million rubles, but at the same time, for 12 out of 22 types of furniture, quotas were not met.

Let us try to imagine a city of half a million without a single table or chair. Absurd? And now let us turn to the data provided by USSR Goskomstat: for the present year the industry fell short of the plan by 197 thousand dining tables, 1,355,000 chairs, and 348 thousand stools. Here you have the "norm" for a city of half a million which has also been left short by 21 thousand fold-out armchairs, 17 thousand wardrobes for clothing and underclothes, and 82 thousand mattresses. And the outlook is not particularly optimistic. For 1990, upon requisitions by trade organizations for furniture at a volume of 12.5 billion rubles, 10.7 billion rubles' worth of furniture (86 percent of the order) was earmarked for the market. This is according to the plan. But reality will clearly be more painful. Indeed, last year gostorginspektisiya [state trade inspection] offices of republic trade ministries condemned as defective and reduced the selection of 27 thousand units of furniture, i.e., every fourth inspected manufactured article. Because of unsatisfactory quality, less furniture was accepted into the trade network from 36 enterprises.

Even cooperative operators are not giving new tenants any cause for hope. By January 1, 1990, the country had 1,259 furniture manufacturing cooperatives in operation which produced 181 million rubles' worth of goods. But only 21 percent of cooperative furniture ended up in our apartments. The remaining wardrobes and sofas have clearly found a home in the numerous official offices.

How are trade and local officials dealing with the shortage of furniture? Exactly the same way they deal with shortages of any other goods. Recently restrictive ways of selling furniture have become widespread (advance lists, distribution through enterprises, priority for individual groups within the population, and others). In 1989 almost 1 billion rubles (14 percent of general

sales) worth of furniture were sold in this way. In some regions a list for furniture sets and suites is created 10 or more years in advance. USSR Goskomstat budgetary data testify rather eloquently to the "effectiveness" of these and other distribution measures: in 1989 around one third of all furniture bought by individual citizens (at a total of 100 million rubles) was bought second-hand from profiteers.

What conclusions can be made from this, frankly speaking, gloomy economic survey? Probably the simplest ones. The path to comfort lies not in meting out the little that we have, but in expanding the production of all necessities. We must work. We have the reserves. According to USSR Goskomstat data, three fourths of the market allocations of furniture for Turkmenistan are acquired through deliveries from other regions and import receipts; almost half of all furniture for Kirgizia, Tajikistan and Kazakhstan is acquired that way. One third of the furniture for Azerbaijan, Georgia, and Uzbekistan is acquired in this manner... And clearly we must consider what resources and technological basis should be used to expand the production of furniture—not only in these regions, of course, but everywhere where there is demand.

HOUSING, PERSONAL SERVICES

Implementation of Presidential Housing Ukase Discussed

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in Russian No 23 6 Jun 90 p 11

[Interview with D. Khodzhaev, USSR Gosplan department head, by commentator L. Velikanova: "Behind Presidential Ukase: When Will the Dream of a Separate Apartment Come True?"]

[Text]

[Question] The waiting list for housing is not getting any shorter, says the presidential ukase on new approaches to solving the housing problem. Does it mean that four years ago, when the goal to provide a separate apartment or a house for every family by the year 2000 was first announced, wrong calculations were made?

[Khodzhaev] No, the calculations were not at fault, even though when we drafted the 15-year housing plan we did lack much basic data to make sufficiently reliable calculations. We did not even clearly know what to classify as a family or a separate apartment. (If, for instance, two or three generations live together, should they be considered one family or two or three? Should their apartment be considered separate?)

Now, the situation is different. For the first time in Soviet history, the census was conducted last year devoting a large part (approximately a third of all questions) to assessing housing conditions. In other words, for the first time in over 70 years we will know how our people live.

[Question] I would like you to elaborate as much as possible on the results of the census, especially since they have not been published yet, and to explain first of all how many households we have and what they are comprised of: this is one of the main determinants of the housing problem.

[Khodzhaev] I will be frank if I say that we awaited statistical results with great trepidation. Then we heaved a sigh of relief: our preliminary assumptions turned out to be quite right. We expected the total population of the country to reach 313.4 million by the end of the century; according to the census and the new forecast, it will be slightly less, or 312.7 million.

And what about families? According to the census, the country has 73 million families, with 13 million people temporarily living apart from their families: students, migrant workers, recruits and inmates. It should be noted that most of them will not return to their families, since they will be psychologically unable to join them.

In addition, we have 16.4 million true one-person households, or separate economic units. Thus, we have a total of 89.4 million families and single people needing separate housing units. By 2000, there will be 97.5 million households. (Before the census, we put this figure at 97.1 million.)

[Question] Now say a few words about the main result of the census: where and how do our people live?

[Khodzhaev] By the end of this year we will have, on average, 16 square meters of general housing space per person.

[Question] So little?

[Khodzhaev] It is indeed too little. Moreover, there are tremendous discrepancies: in Tajikistan, there are 9.1 square meters per person, and in Estonia 21.6 square meters. At the same time, paradoxical though it may sound, the highest share of families with separate housing units (95.2 percent) is actually found in Tajikistan, because families there do not want to live apart. In Tajikistan, there are households numbering 12 people, even though they live in very cramped conditions. Nevertheless, they only want one apartment or one house. In the European part of the country, most people want to live separately.

Overall, 65.3 million families, or 90.7 percent, have separate housing, and 9.3 percent, or 6.7 million families, do not and live in communal apartments or dormitories, or rent from private individuals.

One-member households fare worse than families, so in the final analysis it turns out that only 87.3 percent of households have separate accommodations. The remainder, amounting to 11 million households, will have to be provided with housing in the next 10 years.

[Question] These figures do not appear to be so terrible. Yet, people's living conditions are terrible. This is what

the census shows, and the presidential ukase mentions one figure: 4.5 million families have less than five square meters of housing per person.

[Khodzhayev] According to the census, the picture is as follows: indeed, 4.5 million families, or 6.2 percent, have less than five square meters of housing per person; 30.5 percent have 5-to-9 square meters; 41.5 percent have 9-to-14 square meters and 21.8 percent have over 14 square meters.

After we obtained this data, we calculated how many apartments would be needed to house, say, all those who have less than nine square meters per person. This will help solve the problem of families with complex structures.

[Question] According to the presidential ukase, housing construction should double, to 230-240 square meters by 1995. Is it realistic, given that the current 5-year housing construction plan has failed?

[Khodzhayev] It is true, the 13th 5-year plan is in trouble. I would even go as far as to say that we fear it may not succeed. Yet, the 10-year program is quite realistic, since we will already have the construction base.

The numbers for the 10-year plan are as follows: 9 million separate apartments will go to those who do not have their own apartments, and 15.5 million will be used to give more space to families with complex structures. In addition, we will have to build 1.5 million apartments to move people out of areas affected by disasters, such as the accident in Chernobyl, and interethnic strife, and those who are discharged from the armed forces. Adding all this we get 26 million apartments. We plan to build 30 million by the year 2000, so that 10-to-15 percent, or 4 million, are in reserve to account for uneven population patterns.

[Question] This figure, 30 million apartments by the end of the century, is mentioned in the ukase, but it is unclear what it means. How will we live in 10 years? How many square meters of housing will we have per person? How many rooms?

[Khodzhayev] On average, for the country overall, there will be 19.5 square meters of housing per person. There will be one room per person, also on average. Figures will be different for each particular republic. This does not mean that the housing problem will be solved, far from it. We must understand that 2000 is just a landmark, a stage and a departure from our misery. The goal of the coming decade is to create conditions for every citizen of the country to be able to realize his constitutional right to housing, based on his preferences and labor contribution. We must make our citizens free to select both the type of housing and locations where they want to live.

[Question] Of course we must make him free. But do we have a system to do so? In effect, we are talking about including the housing stock in the market system.

[Khodzhayev] Yes, if we talk of our ultimate goal, it is precisely this: to make apartments and homes the private property of citizens. But it is very difficult to carry out this idea in practice. Many cannot even imagine how strong equalizing ideas are in the minds of the majority, especially where housing is concerned. This was shown by a study we commissioned from the all-union center for the study of public opinion: nearly half, or 46 percent, of respondents think that housing should be provided to all based on an equal standard, regardless of the individual's labor contribution or financial situation. An additional 16 percent also want distribution standards to be equal, except those who have special merits should get preferences. Only 24 percent of respondents believe that housing conditions should reflect the financial conditions of the family, but that the state must assist the poor. Finally, 6 percent think that the individual must himself be responsible for where and how he lives. So, as you see, the majority is not yet ready to include the housing stock in the market system.

[Question] We want to understand the new housing policy concept. Has it been developed yet?

[Khodzhayev] It has been developed rather fully. Its first link is increased government spending on housing, both from union and from republic and local funds. Starting with the 13th 5-year plan, over one half of all construction and installation work will be focused on social sector construction, of which 60 percent will be concentrated in housing.

At the same time, we must admit that to expect to solve the housing problem using only government funds—i.e., without attracting private funds on a broad basis—is unrealistic. So, while in the current 5-year plan approximately 25-26 percent of housing is being built by private and cooperative builders, to solve the housing problem we must raise this share to 44 percent in the 13th 5-year plan period, and to 55 percent in the 14th 5-year plan period. In other words, out of the 2 billion square feet that we plan to build in 10 years, 1 billion should be funded by private savings.

[Question] And what about enterprises and their resources? What will their role be?

[Khodzhayev] Just as in agricultural policy we have recognized equal coexistence of various forms of property, from peasant and farmer plots to agricultural combines and firms, so in housing policy we must shift to a multilayered system, too. Different forms of ownership must be allowed to exist in housing: private, cooperative and collective, using various sources of funding. There should be property belonging to enterprises, organizations and shareholders' societies. There should be municipal property, too. The share of state property—in relative, not absolute terms—will continue to decline.

Thus, we should shift to the principle of distributing housing based on ability to pay for it by enterprises, organizations or individuals.

The essence of a multilayered system is to determine precisely which families should get apartments from the state for free; these should include disabled war and labor veterans, families of servicemen and those being discharged from the armed forces and low income families. Further, we must think who should get preferential treatment and be allowed to build a private house or a cooperative apartment, and who could afford to buy what has already been built.

This order of priorities—based on ability to pay and labor contribution—will greatly accelerate the solution of the housing problem. We place our particular hope on privately built homes; here, too, we must completely change our attitude, since the entire civilized world builds one-family homes.

[Question] Whereas we build ugly prefabricated apartment buildings even in Yalta.

[Khodzhayev] The situation is worst of all in Russia, as far as this is concerned. To take this 5-year plan as an example, in Uzbekistan private construction accounts for 51 percent of new housing and in the Ukraine for 26 percent, whereas in Russia for only 7 percent. Less than anywhere else!

[Question] The ukase mentions the fact that loans and credits will be available to private builders on a priority basis. I think that this paragraph will attract much interest. What does it mean?

[Khodzhayev] We could have given priority loans to buy cars, or for other purposes. But we gave them for housing. This does not mean that loans will be available tomorrow. Given the budget deficit, we must first save up these funds.

The second main direction in resolving the housing problem is cooperative apartments.

[Question] This is also unfair: consumers pay their own money and yet they have to wait. Authorities are unsympathetic and it is very hard to make a deal with builders and repairers.

[Khodzhayev] Everything must be organized differently. And this different organization is already starting to emerge: starting July 1, all those who make a full downpayment on their cooperative apartment will become full owners. They can give away, sell or bequeath their apartment.

[Question] Not their downpayment but actually their apartment?

[Khodzhayev] Yes, not the downpayment but the apartment. There remain limitations related to the residency permit system, since it has not been abolished. But in general the owner is free to dispose of his apartment as he sees fit. This alone is an incentive for housing cooperatives to grow.

Even more will be done thanks to a form which has not been seen before: the sale to cooperatives of new buildings built either by the state or by enterprises.

Today, there are 14 million families on waiting lists for apartments, comprised of some 45 million people. Some have been waiting for 15-20 years, others have just put their names on the list. We must create conditions to ensure that the waiting list is reduced by two means; those at the top of the list should get their apartments for free, and those at the bottom, by paying for them.

These cooperatives offer major advantages. The building is here. Your apartment is right here, you can see it, it is not some unknown quantity, as it is now. The downpayment should be relatively small, plus it may be borrowed. You should be able to move in right away. As to those who have been on a waiting list for, say, 15 years, and who are willing to move to a cooperative apartment, I would let them move in without any downpayment. It would still be profitable for the state, since cooperative members will maintain their building themselves. Those who have been waiting for 10 years should only pay half—i.e., we should establish a scale to encourage people on waiting lists to join cooperatives.

Finally, apartments may be sold to private individuals.

[Question] Which has not been happening anywhere, practically.

[Khodzhayev] Just 35,829 apartments were sold in the country overall last year, for a total of R117,173,000. This is almost nothing, of course. Why did it happen? First, because apartments in new buildings were not for sale. Some 10 percent of new apartments should have been offered for sale, to those who are on waiting lists, for instance. Second, the initial downpayment should be reduced, to 35 percent of the total price of the apartment, and the term of repayment lengthened to 15 years. In some cases the price of the apartment that is being sold can be reduced nearly by half, depending on its quality, location and condition.

But here it is the other way around. We have let apartment prices rocket, up to R70,000 in some cases; who would want to buy so costly an asset?

[Question] While we discuss new approaches to solving the housing problem, we cannot avoid mentioning the so-called elite buildings belonging to the CPSU Central Committee, party obkoms and gorkoms, the USSR Council of Ministers and other high-level departments. I mean buildings built for privileged party apparatus members and their personnel. Those apartments are very expensive, they have vast marble-clad entranceways, imported equipment, hallways, large kitchens and two bathrooms: the size of a 2-room apartment in such houses is around 100 square meters, of a 3-room apartment over 130 square meters and of a 4-room apartment some 150 square meters. What to do with them in the current situation?

[Khodzhayev] Naturally, there should be no buildings for the privileged caste in our democratic perestroika time: this is the legacy of the administrative-command system. All issues related to approving new projects and distributing apartments in elite buildings that are being finished should be decided by the local soviets of people's deputies newly elected by democratic means. Decisions should be based on housing laws.

[Question] A few words about rent payments. Judging by the ukase, there will be major changes in this area. Did anybody try to calculate how much rents will rise? Will current preferential treatment practices be retained? What will be the payment for excess housing?

[Khodzhayev] General principles have already been drafted: rents will be based on the size and quality of housing and existence of above-norm square footage. As to what categories will be set for buildings and apartments, how many categories there will be and what rent standards will be adopted, this is up to individual republics—which is fair, since the situation is different in different regions, including such issues as sanitary standards for housing.

Now about preferential treatment. Currently, 76 legislative acts provide exemptions from payment for excess housing. The republics must review who should continue to get them: actors, generals, candidates of sciences, writers or apparatus employees.

In my opinion, needy retirees who stay in large apartments and cannot afford to pay for them should be given exemption, too.

In general, placing a high premium on excess housing provides a reserve for solving the housing problem. Moreover, it will make economic sense for a family to move from a large place to a smaller one: the state will pay for the difference in the number of rooms.

[Question] What will the new basic housing legislation look like?

[Khodzhayev] Everything mentioned in the presidential ukase should be reflected in it. Moreover, the new legislation should be compact: it must set principles, and not dictate. More detailed treatment will be provided either in amendments to republic housing codes or in completely revised codes.

Rural Housing Development Program Viewed

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19 Jun 90 p 2

[Interview with A.A. Isayev, chief of department in the USSR Council of Ministers' State Commission on Food and Purchases, by O. Pakhomova: "Behind Presidential Ukase: No Family Without a Home"]

[Text] The USSR President's ukase "On New Approaches to Solving the Housing Problem in the

Country and Measures of Their Practical Implementations" once again drew public attention to one of the most acute problems in our society. How is it being solved in the agricultural complex? This was the subject of our correspondent's conversation with A.A. Isayev, chief of department in the USSR Council of Ministers' State Commission on Food and Purchases.

[Question] Anatoliy Aleksandrovich, rural residents have more housing than urban dwellers, averaging 16.6 square meters per person. But the quality of it is very poor. For this reason, many houses have been abandoned. We want to hear how the housing problem is being solved.

[Isayev] Indeed, the average rural resident has 2.3 square meters more than the urban one. But what kind of housing is it? You have said that it is often primitive, lacking elementary conveniences. This is why we must increase the total housing stock in the countryside 1.5 times by the year 2000. The calculation is simple: each family must have a separate house or apartment.

In the current 5-year plan alone we plan to build some 223 million square meters of housing, one third more than in the previous one. But even today it is clear that some five million square meters in that total will remain on paper. We have fallen behind considerably. To close the lag and complete the program by the end of the century, we must build at least 580 million square meters of housing. In addition, we plan to rebuild and improve existing homes.

[Question] Is there any guarantee that the program will be accomplished? Given the huge budget deficit, will there be enough financial and material resources?

[Isayev] We already build over one half of all houses using funds from kolkhozes, sovkhozes and other agricultural entities, and 35 percent using private funds.

The main problem in housing construction, as well as in social rebuilding of the countryside as a whole, is the lack of material resources. We have shortages of metal, cement, timber, pipes and insulation. As to modern finishing materials and appliances and sewerage equipment, we get almost none of them.

The ukase identifies ways to solve the problem. First of all, we need to increase capacity at enterprises producing finishing materials and appliances. In addition, on orders from the government, general plants are being built producing 3.5 million and 15 million bricks a year. By 1995, over 1,000 of them will be built. The production of structural materials will nearly double.

Defense industry enterprises are getting involved in solving the problem, but the main supplier of equipment to construction industry plants will be the "Stroy mash" interregional government association.

[Question] It would seem that industry enterprises, contractors and cooperative entities could sell homes they

build. What peasant would refuse to buy a house that is affordable and ready for occupancy?

Back in the 14th-16th centuries in Russia, there was a practice of building prefabricated wood homes which could be bought, transported and rebuilt at the new site. A market for such mobile houses, or "fast homes," existed in the center of Moscow, by the Ilyinskiy Gate.

[Isayev] It is a pity that our modern private construction system has no such enviable organization to boast of. In many ways, this is the reason why we have failed to fulfill the housing program. Wishing to improve the situation, the government suspended unfounded restrictions on plot distribution two years ago. To build private homes, soft mortgages of up to R20,000 were promised, with a 50-year repayment period starting in the third year. For those who want to make capital repairs on their homes or connect them to utilities networks, loans of up to R4,000 were provided, of which up to R1,000 could be spent on engineering equipment.

Even now, kolkhozes and sovkhoses have the right to sell existing and new homes to employees on favorable terms. All limitations have been suspended. It is now up to local initiative.

[Question] What good are those measures if there is no money in the bank?

[Isayev] I agree. Demand for loans is not fully satisfied. In 1988, 345,000 applicants were able to get them, while last year, only 238,000. And how many more people are still languishing on waiting lists! On the request of USSR Supreme Soviet agrarian deputies sounding alarm, the Agroindustrial Bank and its network will increase funds to private builders 2.7 times this year. In four months, loans amounting to R800 million have been issued. Thus, we hope that the share of private construction will be on the rise.

[Question] The presidential ukase will raise the responsibility of industry workers for fulfilling plans for housing construction.

[Isayev] Yes, and a shift from pressure to totally new economic regulation methods is expected. It is planned, in particular, to introduce lower taxes for those who design and build social use buildings and produce and supply materials and equipment for them. Other methods to stimulate organizations shifting to progressive economic methods will be developed. In this respect, I want to note that at the Russian agricultural industry construction administration, more than 630 construction entities and industrial enterprises presently function on leasing or cooperative methods. Their business results are 1.5 times better than at ordinary collectives.

[Question] One would think that with the shift to the market economy and decentralized management, the need for implementing a unified and clear scientific and technical policy will increase. Thus far, this role,

entrusted to your commission and the USSR state construction entity, has been felt but feebly.

[Isayev] You may know better, seeing it from the outside. We hear other such complaints, too.

In the years of perestroika, old administrative and command functions have been shifted directly to regions. Now, republic and local soviets are fully responsible for solving their own social problems. They decide how much to spend on housing and other social use facilities. They need assistance from the center only in obtaining rationed material resources and construction equipment. And, of course, in implementing a unified technical policy.

By September 1, which is the deadline set by the ukase, we, jointly with other departments, must develop a unified set of measures to solve the housing problem. Among them is the general development of the construction industry coordinated with our financial and material resources. In the future we, at our level, will supervise the implementation not only of the housing program but of the entire policy of social rebuilding in the countryside.

[Question] The presidential ukase once again states its main goal: to rebuild forgotten villages. Are you ready for it?

[Isayev] First, we cannot retreat any further. In the past 30 years, the number of rural population centers in the country overall has been reduced almost by half. Remember how they were wiped out from the face of the earth? They were flooded by man-made seas, or else their residents were forced into urbanized agro-cities. Nevertheless, a fair number of villages have survived. Tiny villages with 50 and fewer residents make up one half of the 373,000 existing settlements. Those villages are neglected, cut off from local centers by the lack of decent roads and have no basic social or consumer services. They need quick changes also because they serve as the foundation for the intensive development of peasant and farm economy.

In Orel, Moscow and Pskov oblasts of the Russian Federation, in Belorussia, the Baltic and the Ukraine, we have already acquired some experience in rebuilding such villages. Its essence is to make sure that, in addition to housing, cultural and consumer use structures are built in the village.

New projects should be drafted to apply this practice on a broad scale. First of all, they should address the needs of farmers and families engaged in intensive private plot cultivation or local industries. Also, we badly lack designs for the so-called small-scale social, cultural and consumer services, especially combined ones, whereby one building houses the doctor's apartment and the outpatient clinic, the shop and the apartment for the sales clerk or the preschool care facilities and the housing for the teacher.

[Question] The rebuilding of the countryside is inconceivable without solid utilities networks and environmental protection. Today's burden is already unbearable: only 10 percent of villages have centrally supplied running water, houses are heated by stoves and sewerage treatment is effectively nonexistent.

[Isayev] Indeed, municipal services in the countryside are 1.5-3 times below norm. There is plenty of work to be done. For instance, we plan by the end of the next 5-year plan period to provide central gas to almost five million homes. Sale of electric power for residential use will increase almost 1.5 times. Many industrial enterprises should be converted to producing equipment for residential use, especially efficient boilers and sewerage treatment equipment. And of course oblasts themselves should establish adequate construction and installation organizations and municipal and repair services.

[Question] I think that a conclusion is in order: unlike the administrative character of party and government decrees of old, the presidential ukase has a clear strategic and economic purpose.

[Isayev] This alone is the basis for solving the housing problem. Of course, it must be supported by well-thought out tactical actions and good work. Only then will every peasant family have a house or a separate apartment.

PERSONAL INCOME, SAVINGS

Seasonal, Regional Fluctuations in Personal Savings Examined

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[Article by I.G. Kozlovskaya, candidate of economic sciences]

[Text] In our country, the work of monthly collection and systematization of the principal indicators of production and economic activity of enterprises first began to be done regularly by state statistical agencies in the early twenties. The material obtained in that way was used as the basis for discovering and analyzing the regular patterns in development of industrial production.

The seasonality factor is one such pattern. To be specific, an economic-statistical analysis of the relevant data over the first 6 years of statistical observations confirmed that there is a definite seasonal cycle in industrial development. What is more, this cycle was manifested so intensively that no other specific peculiarities of the general dynamic behavior of the country's economic development could have had any very noticeable influence on it.

But in the thirties the work of studying seasonal fluctuations in the sectors of the economy was terminated for various reasons. This had an adverse effect both on the way statistical recordkeeping was organized in the

national economy and also on the methodology used in analyzing the development of social production in the USSR.

Western economists have always paid and are continuing to pay the closest attention to studying the patterns and evaluating the intensity with which seasonality is manifested in socioeconomic processes occurring both in countries taken separately and also on the scale of the entire world capitalist system as a whole. The methodology and methods of analyzing seasonality are improving constantly.

Today, there can hardly be any doubt as to the need to study seasonality as one of the most important features and conditions for the economic development of the USSR.

Seasonal fluctuations must unfailingly be studied by Soviet economic science. And the sooner this effort is transferred to the plane of specific practical activity, the sounder the decision made by the bodies of economic leadership in operational regulation and planning of various sectors and spheres of the economy.

Seasonality possesses certain specific features as an economic phenomenon. They are manifested above all in the fact that high stability and annual repetitiveness within strictly confined limits are inherent in the seasonal factor. That is why the study of seasonality should be viewed as an important element in the entire system of analyzing and forecasting conditions in the economy as a whole. At the same time, we need to emphasize that knowledge of seasonality is able to produce the desired result only if reliable data are in hand concerning the quantitative and qualitative characteristics of the dynamic behavior of economic processes from year to year. The latter obviously presupposes a study of the balances of the respective sectors of the economy, an evaluation of the size of the market for products going to the production sphere and to personal consumption, and so on.

The study of seasonality is mostly concentrated on statistical determination of seasonal waves. The reason is that they have their own nature that in a majority of cases differs from those causes which are behind the occurrence of business cycles. Seasonal waves are superimposed as it were on the general trend of economic conjuncture, and as a consequence seasonal ups and downs are observed in all phases of its development. Seasonal changes in customer demand and retail sales are a typical example illustrating this situation. As is well-known, they are observed not only when the business cycle is on the rise, but also when it is in a slump.

Seasonal cycles occur under the influence of special factors that distribute the overall annual (or average annual) results of a particular economic process among the various periods of the year. With certain reservations, these factors can be divided into three basic groups: factors of natural origin, sociopolitical factors, and economic factors.

In view of what we have said, when we speak of the seasonal nature of economic phenomena, we are referring to their internal fluctuations that occurred regularly in certain periods of the year under the impact of spontaneous or intentional factors that are not related to organic changes in the economy.

It is important to note that the system of factors bringing about the seasonality of economic processes can at any particular moment undergo changes with the passage of time both in their qualitative composition and also in the intensity of their impact. There are two possible directions in which the parameters of seasonal fluctuations can be transformed as a consequence of this. The first is a change in the very form of the seasonal wave. The second direction involves only a change in its amplitude.

Quite a few methods and procedures have been developed for calculating the seasonal nature of economic phenomena.

Discovery of the patterns of seasonal fluctuations in savings is the task of this article. In stating our task in that way, we are thereby also setting the limit on this study. In this article, we will restrict ourselves only to discovering periodic seasonal waves and their magnitude. It will be of interest in this connection to discover the typical pattern of the seasonal waves free of random and evolutionary fluctuations.

From the theoretical standpoint, this problem is of interest because solving it affords the possibility of studying the abundant empirical material and discovering a pattern in the dynamic behavior of certain economic phenomena and a mutual connection between them.

As for the practical aspect, it is definitely important to us to discover the patterns that interest us here. Establishing patterns in the development of savings and clear-cut discovery of their causes should play an important role in the general regulation and planning of our economy, within which savings occupy a rather notable place.

The analysis we conducted over a period of 9 years of data describing the growth of personal savings in institutions of the USSR Savings Bank and those of three union republics (Uzbek, Georgian, and Lithuanian) by quarters is very indicative. It provides evidence that regular fluctuations have recurred year after year in the development of savings. In the 1st quarter of the year, there is an increase in the inflow of personal savings in savings bank institutions both in the USSR as a whole and also in the republics we examined: in the 2d quarter, not only a drop in the inflow of deposits, but also an outflow of deposits (except in Lithuania) by comparison with the previous quarter; in the 3d quarter, this trend continues, but we observe a still sharper reduction of the inflow and outflow of savings compared to the previous quarter; in the 4th quarter, we again observe a sharp rise, the inflow of deposits is considerably strengthened.

These trends recur year after year with the sole difference that in one year they may be manifested more sharply and in another more weakly. There are reasons for both cases.

We used the method of G. Udny Yule and M.G. Kendall to discover the character and degree of seasonal waves in working up the data.

Average Seasonal Wave of the Inflow of Personal Savings in Savings Bank Institutions Over the Period 1980-1988, in Percentage

Quarter	USSR	Uzbek SSR	Georgian SSR	Lithuanian SSR
I	+45.0	+51.0	+62.0	+18.0
II	-54.0	-42.0	-595.0	-38.0
III	-74.0	-212.0	-396.0	+7.0
IV	+29.0	+28.0	+103.0	+5.0

This method mainly comes down to equalizing the empirical series by the method of the moving average and computing the simple arithmetic averages from the ratios of the values of the empirical series to the adjusted values of the series for the same quarter of all the years studied. All the seasonal waves are computed in percentages, which affords the possibility of studying not only differences in the form of the seasonal waves of the various indicators, but also differences in the amplitude or strength of the variability within the year.

For instance, a moving average of three members of the series was used to equalize the empirical series of the inflow of savings. Beginning with the 1st quarter of 1980, one after the other, we add up the three terms in the series and divide the results by 3. The figure obtained is the 3-quarter moving average for the 2d quarter of 1980. Whenever we move from one quarter to the next, we add to the sum of the three terms a new term at the end and subtract from it one at the beginning, and so on. Ratios of the actual values to the equalized values in percentages are calculated in order to equalize the empirical series. Then calculation of arithmetic averages from these ratios for the same quarter of different years and subtraction of 100 percent from the averages computed give a picture of the average seasonal wave (see the table).

For the USSR as a whole and in the union republics, the seasonal cycle is made up of two basic waves—a rising wave that embraces the autumn and winter months (1st and 4th quarters), and a declining wave in the spring and summer months (2d and 3d quarters). The amplitude of seasonal fluctuations of the inflow of deposits is higher in the union republics than in the USSR as a whole. A smoother curve is obtained for the inflow of deposits for the USSR: this is because the maxima and minima of the seasonal curve do not coincide in the various republics.

Thus, the seasonal fluctuations analyzed above of the inflow of deposits for the USSR as a whole reflect certain basic trends also manifested in most of the republics.

In order to ascertain the causes of the seasonal fluctuations we have discovered, we have to trace the quarterly distribution of personal money income into the portion spent and the portion saved. But these questions do not fall within the confines of this article, and that is why we will only state certain considerations concerning the causes of the seasonal fluctuations.

What causes seasonal fluctuations in savings? The bulk of personal savings (70 percent of total deposits) is accumulated and redistributed in city branches of the Savings Bank. It is this tendency that also determines the character of the growth of deposits. The immense growth of deposits in certain periods is succeeded by a substantial drop of the inflow and even an outflow in other periods. The reason for jumps of this kind is the seasonal nature of money accumulation. The intensive growth of money accumulation in the 1st and 4th quarters is related to wage payments to individuals on the basis of the results for the year and also to major expenditures which consumers will be making in future quarters (in the 2d and 3d). We can include here expenditures related to vacation and recovery of health, to construction of weekend cottages, apartment repair, etc.

At the same time, in each union republic, depending on the structure of the consumer demand of the public, there is a peculiar relationship between the growth of savings and personal expenditures for goods and services.

Thus, in the Uzbek and Georgian union republics the high rates of inflow of deposits (1st and 4th quarters) reflect present-day peculiarities in development of consumer demand, one of which is an increase in the share of purchases of expensive goods, and also the relations forming between the demand and supply of goods and paid services in the various republics. That is why in the vacation season (2d and 3d quarters) there is not only a drop in the inflow of deposits, but even an outflow. This is related to expenditures to spend vacations and to make major outlays in other regions of the country.

The variation of personal savings in Lithuanian SSR shows a somewhat different pattern. It shows no outflow in any quarter, but rather the growth is uninterrupted. But this growth is at times stronger and at times weaker in the course of the year, displaying certain seasonal fluctuations in exactly the same way. In the 2d quarter, the inflow of savings drops off noticeably. This is again related to expenditures for vacations, apartment repairs, and so on. The inflow of deposits in the 3d quarter is related to the health resort season (the renting of rooms to visitors to health resorts), and in the 4th quarter it is related to the upcoming purchases of New Year's and Christmas gifts.

It goes without saying that these arguments by no means exhaust all those circumstances which bring about seasonal fluctuations in personal savings in savings bank institutions. They raise only slightly the curtain that covers a little studied aspect of savings, and consequently, they are still not sufficient for sweeping and serious (economic and practical) conclusions which might flow therefrom. These

conclusions can be made only after a thorough analysis of the causes behind these seasonal fluctuations.

Development of a market mechanism in the USSR economy will inevitably intensify the variability of economic processes and requires a new level in their study and management. Since the domestic consumer market is highly unbalanced, in coming years the system of economic monitoring of the situation on that market will have particular importance. Fluctuations in the dynamic pattern of savings will in future have a far stronger influence on that situation than now, and that influence will moreover be dual. On the one hand, these fluctuations will directly affect the magnitude of credit resources, and savings in the form of acquisition of securities will affect development of the entire money market and accordingly the change in the conditions for the growth of commodity supply on the basis of additional investments. On the other hand, the diversion of personal money resources into savings (in one form or the other) will be manifested in a change in the scale of demand.

In order to promptly detect new trends in these processes and to manage them by means of economic instruments (above all the interest rate on deposits and the terms and conditions of savings deposits), we have to learn to distinguish clearly the stable seasonal fluctuations of savings and the departures from those fluctuations caused by conjunctural factors. That is why calculations of the seasonal fluctuations of savings (just like other indicators of economic conjuncture) must become a mandatory element of economic-statistical analysis of the processes of the circulation of money.

Under the conditions of our country, which includes regions which are extremely diverse from the socioeconomic standpoint, the unsynchronized nature of economic processes from region to region must also be taken into account. The simplest example of this might be the opposed nature of economic phases in the dynamic behavior of savings in the summertime in the country's northern regions and in health resort localities. Study of the problems of seasonality not only on the scale of the country, but also of individual regions, will evidently become one of the urgent tasks of economists in the context of the process which has begun of the formation of regional markets.

Thus, if we assume that under the conditions of market mechanisms the sphere of the circulation of money becomes at one and the same time both a reliable barometer of economic conjuncture and an arena for application of a number of economic regulatory instruments of the state, then the question has to be raised of the need to organize research into the influence of seasonal factors on all the processes taking place in that sphere. We have attempted in this article to show, using statistics on personal money savings for this purpose, that this effort is advisable and makes it possible to obtain results useful to management of the economy.

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FUELS

**Creation of Oil, Gas Construction Concern,
Abolishment of Ministry Proposed**

904E0125A Moscow PRAVITELSTVENNY
VESTNIK in Russian No 24, Jun 90 p 3

[Article by Ye. Sosnin: "Within the Framework of the Concern"; first paragraph is source introduction]

[Text] The USSR Council of Ministers' Presidium has supported the proposal by USSR Minneftegazstroy [Ministry of Construction of Petroleum and Gas Industry Enterprises] that Neftegazstroy, the State Concern for Oilfield and Gas-Field Construction, be formed and USSR Minneftegazstroy abolished.

A year ago, during a USSR Supreme Soviet session, while going through the procedure for confirmation for the post of USSR Minister of Construction of Petroleum and Gas Industry Enterprises, V. Chirskov devoted one of the main points of his program to the problems of restructuring the branch's organizational structure. And now the news has come that the time has come for such changes. Why?

Right now the ministry comprises 22 specialized construction and two industrial-design associations, which include 146 construction-and-installing trusts and construction and construction-and-design associations and 73 industrial enterprises. The production structure is oriented basically to the construction of trunk pipelines and support facilities for oil and gas fields.

In recent years sharp changes have begun to occur in the structure of the work being done. The total amount of contract construction-and-installing work is planned for the 7 billion ruble-per-year level. The introduction of trunk and on-site pipelines—17,700 kilometers, including about 8,000 kilometers of trunk pipeline, and 48 compressor and pump stations—is planned. The length of trunk pipelines is being reduced considerably from previous years, and the share of oilfield-facility and nonproduction construction work, which has already reached 65 percent of the overall operating program, is being increased.

Under the current five-year plan, the question of work volume at social-sphere facilities has risen sharply. Tens of thousands of families of the oil-and gas facility builders will receive new apartments. Much is being done to meet the workers' requirements for preschool institutions, health centers and resort hotels.

The oil and gas facility builders are doing much work to extend sponsorship assistance to the agrarian sector. The manufacture of mobile complexes for cattle-slaughtering and for meat-products output has begun. It is planned to ship 1,750 such departments to the countryside by 1996.

The production of consumer goods is building up at the branch's enterprises and the variety thereof is being expanded. Kind words are being said about the builders'

activity by those who have managed to make use of campground services on the Surgut-Tyumen-Black Sea highway. The ministry has taken upon itself the construction and servicing of 24 campgrounds on this highway, the major portion of which are already in operation and receiving tourists. Each of these places has dining rooms, cafes, parking lots, service areas, and so on. The builders have taken care that people will be able to refresh themselves here and make a preventive-maintenance inspection of their car and, if necessary, make the required repairs.

Changes in the structure of the work being performed have reduced the effectiveness of the existing form of administration within the branch. Because of this, the problem of making important organizational and structural transformations, using economic methods of control to advantage, have risen sharply. The program for the proposed conversion to market relationships has been a distinct catalyst.

The search for efficient forms of activity is one of the main assignments of the branch's staff. Already 10 joint enterprises are operating on a shareholder's basis with firms of foreign countries, including Canada, the U.S., Hungary, and Austria. Seventy-three subunits have been converted to leasing. Four hundred ten cooperatives have been established which work with the branch's enterprises on a contract basis.

Shareholder's activity is being reborn. It is manifested in the fact that organizations and enterprises are investing their work, funds and property in developing other spheres of production, from which they will additionally obtain vehicles, spare parts and building materials.

And today, life itself has brought oil and gas facility builders to a new and more significant stage in the branch's control structure.

USSR Minneftegazstroy labor collectives and enterprise and organization leaders have proposed that the ministry be abolished and made into a base for creating the State Neftegazstroy Concern. The USSR Council of Ministers Presidium examined this question for a few days and supported the proposal of the branch's workers.

What are seen today as the principles for creating the concern? The concern's subunits will be integrated primarily through ownership relationships. We have in mind that the concern be granted the rights of ownership of property which is All-Union property and has been carried on the books of the enterprises and organizations of the abolished USSR Minneftegazstroy. As a leader, the concern is called upon to use the shareholder's form of ownership, combining it with lease, cooperative and other forms. Enterprises with collective and mixed forms of ownership will join the firm on a contractual basis.

With a view to democratizing control of the property in the new organizational structure, more than 7 billion rubles of the currently existing fixed capital of 11 billion rubles are to be transferred to lease, including 4 billion

with the right of redemption. Indubitably, this will be a stimulus for splitting up into smaller units and demonopolizing the organizational structure of the oil and gas complex, and a rise in the activity of labor collectives in filling large orders and fulfilling programs.

The oil and gas field builders have conceived a good thing. We wish them success.

Problems With Oil Extraction, Living Conditions in Tyumen Examined

904A0435A Moscow RABOCHAYA TRIBUNA
in Russian 16 Jun 90 pp 1-2

[Interview with Minneftegazstroy [Ministry of Construction of Petroleum and Gas Industry Enterprises] First Deputy Minister Gennadiy Shmal by Moscow RABOCHAYA TRIBUNA special correspondent Valeriy Badov: "After Gold—In Cheap Boots"]

[Text] *Fate has brought me together with today's interviewee more than once in different years on helicopter pads in the taiga, places in towns along the route or at the welding of the "red spike" of a gas pipeline. He is one of those who started the Tyumen epic from the first peg. Today, in his office in a building at Zhitnaya, he is "on the line" from morning to late evening—Urengoy, Kogalym, Yamburg... In thinking about the path that has been covered by Tyumen, Gennadiy Shmal feels pride for the scope of what has come to pass and bitterness that we had the inestimable riches of an oil El Dorado at our disposal. Why is the fate of Tyumen so bad and what is the way out of the crisis for the region? My interviewee reflects on this.*

[V. Badov] The socio-political situation in Tyumen is very complicated today. They say that the oblast is on the verge of a strike. Why has it turned out that after a 25-year unparalleled epic in the assimilation of the riches of the Tyumen north region, after tens of millions of rubles have been invested in the region and an industrial civilization has been created in areas that were uninhabited earlier—after all of these great works, why, in your opinion, has the region proven to be in a disastrous situation?

[G. Shmal] The causes are of a profound rather than a transient nature. An hour ago a couple of our managers from lead trusts were here. They came with an order from the collective to ascertain for certain what they will be earning to live on this year. It is not yet clear where they can apply their capacity. A curtailment of operations has occurred across the whole sector. We performed 8.8 billion rubles of work in 1988. The lion's share fell to Tyumen. Today contracts have been signed only for 6.5 million. What's more, the gas workers intend to "take away" financing for projects at which work is in full swing.

[V. Badov] Why have they come to have such a stern attitude toward money?

[G. Shmal] The client is sure that the construction is needed. But Gosplan [State Planning Committee] is not allocating the funds, they don't have them in the treasury. But look at how they are spreading these cutbacks around. The amounts of capital investment are rising for the oil workers. The curtailments have basically affected the trunk gas pipelines. Moreover, as I understand it, alternatives to gas in the country's fuel equation for the long term are not being looked at. If we do not build fields and gas pipelines in the north at Tyumen, how will we obtain the necessary fuel resources?

It is quite clear that there is an enormous amount of unfinished work in the country. The scope of the capital construction work will have to be narrowed one way or another. But aren't we making a mistake in priorities? Are we taking into account the highly qualified makeup of our personnel? A fifth- or sixth-rank welder has to learn his trade for a minimum of ten years, but we can let him go in a day. We are losing personnel bit by bit. It will be too late when we notice it.

[V. Badov] What if we look at it more broadly—the region overall? The enormous West Siberian Oil-and-Gas Complex has lost its pace at the peak of its development. The standard of living has started to fall, social security has gotten worse. Tyumen, figuratively speaking, is walking around after gold in cheap boots. The efficiency of investing in Tyumen oil and gas meanwhile remains high, not comparable with anything else in our economy. Why such a sudden social landslide?

[G. Shmal] We believed in vain in the unshakeability of the five-year plan. The construction volumes have not just been reduced, after all—the resources for the social development of Tyumen enterprises have been narrowed even more. The imbalance between the development of the production sphere and the social sphere is Siberia is already striking. The whatever's-left-over principle prevailed everywhere. The Tyumen people overfulfilled the production and construction plans all the time. The resources, however, were too few and limited. The problems of lag in the social sphere have snowballed. Today, with reductions in capital investment, they have us by the throat. The Tyumen people are building about eight million square meters of housing a year today. A quarter of that falls to the share of the union republics. That is a great help. Will the construction workers of the republic continue their participation in the next five-year plan? It is not clear.

[V. Badov] The total funds that are invested in the social sphere in Tyumen Oblast are growing nonetheless?

[G. Shmal] Undoubtedly.

[V. Badov] And the social situation of the northern workers, judging from the mail to this newspaper, is getting worse anyway. Isn't there a tangle here that forces us to think some about the primitive nature of the strategy and technology for the assimilation of new,

uninhabited territories in the north? The oil and construction corporations operate with extremely limited personnel resources when assimilating Alaska and the Canadian north. They do not scrimp, on the other hand, on enormous investments of funds in the technology of assimilation itself. And these generous expenditures are recouped by the fact that they do not have to build cities on the permafrost. The infrastructure for a single person in Urengoy, it seems, costs more than 30,000 rubles, while the new population of the Central Ob and northern Tyumen regions is approaching a million people.

[G. Shmal] Just a tenth of the people who come from the outside world are directly connected with production, all the rest are service personnel. We built three kindergartens with 330 places each, for example. And 300 people were hired as support personnel.

[V. Badov] Now the image is arising of the Urengoy laundress who gets 600 rubles with the "polars." And the person who creates the advanced technology for the assimilation of the north, working, say, in Ufa, freezes on 200 rubles. That is a visible stereotype of our economic thinking, doomed to poverty and backwardness.

[G. Shmal] I feel that the whole concept of assimilating the country's northern regions must be radically reviewed. We were at one time able to convince the higher-ups of the inexpediency of building a city at Yamburg. And what then? The rate of infrastructure development of Yamburg turned out to be even higher than at Urengoy. We assimilated the Yamburg gas field using few personnel.

Strong social priorities are needed in assimilating the uninhabited regions in the Tyumen north region, I am sure of that. The earnings of an ordinary construction worker in Alaska were twice as high as the pay of a university professor in Anchorage. The average pay in a construction trust in Samotlor is 536 rubles, with all the supplements and "northerns." You can get the same money around Moscow. Even though the pay was "held up" before, there was a tolerable supply of the prime necessities. Today there are empty shelves and high prices. That's where the strike syndrome gets started. There is little to keep a person in the north today. It is unfair that Tyumen does not share in the hard-currency profits from its own exports. I cannot, it is true, agree with my colleagues from Minneftgazprom [Ministry of the Petroleum and Gas Industry] who feel that the deductions should go only to the oil workers. What about the construction workers, geologists and transport workers? The role of the soviets must clearly be raised here to keep professional egotism from developing. So that the oblast has a hard-currency account at its own disposal, directing resources to the resolution of acute social needs.

[V. Badov] The share of hard-currency deductions due to the Tyumen people should be stipulated by law?

• [G. Shmal] I am convinced of that. That applies to any other region—the Kuzbass, for example, which supplies

coal for export—and the inhabitants of the northern national okrugs hunting fur-bearing animals, not just to Tyumen.

[V. Badov] How do you interpret the attitude of Minfin [Ministry of Finance] and the agencies toward their main hard-currency shop? They have essentially brought it to ruin.

[G. Shmal] It is hardly worth blaming today's Council of Ministers and Minfin strongly. They have begun to understand, in my opinion, that the very last thing is to engage in the apportioning of profits while depriving the production workers of incentives for extracting the greatest gains.

[V. Badov] Were these issues put before the center when you were one of the leaders of the party organization of Tyumen Oblast?

[G. Shmal] Such issues, honestly speaking, did not even occur to us at the time. We were able to resolve a thing or two, it is true. When the government was headed by Kosygin, and the major oil-industry man Baybakov was working at Gosplan, many issues were resolved, so to speak, on a one-time basis. Aleksey Nikolayevich came to Tyumen and said: "Lads, give me two million tons of oil above and beyond the plan. For one million I'll buy imported goods for you, and with the other, for the country. I'll buy what you order..." The question of the direct participation of the oblast in the profits possibly should have been posed. I think, however, that posing questions of the share of the profits for the region would have been considered impermissible audacity.

[V. Badov] Let's look at the near future. Reductions in oil production have already begun. Capital investments will have to be augmented at a rapid pace to keep the production ceilings from going under 400 million tons in Tyumen. It looks like these funds will not be found in the state budget. Won't the "whatever's-left-over principle" for spending on social purposes then be reborn in a worse version? Many feel that it makes sense, in this peak situation, to attract foreign capital—on a share-participation basis. Your opinion?

[G. Shmal] I am certain that it makes complete sense to attract it, but not via direct foreign-currency loans, but rather only through the creation of joint ventures that would bear complete mutual responsibility. Why am I talking about this? There are several thousand joint ventures in operation today, but they are still, it seems, engaged more in promoting their activity than in business itself. And the trading partners of our Vneshtorg [Ministry of Foreign Trade], today the MVES [Ministry of Foreign Economic Relations], often sell us yesterday's technology. Tomorrow's technology can be obtained only through joint ventures in which both the profits and the expenses are half-and-half and there is no gain to be made by dumping old stuff on some obscure foreign-trade official.

[V. Badov] There is another viewpoint as well. They say that some want to turn our country into a raw-materials appendage, that we cannot let them into our "granary." The psychology of autarky—self-contained development—is strong. And anyway, isn't Tyumen a raw-materials appendage of the industry of the West today?

[G. Shmal] Continuing your thought, I will say that if we had attracted advanced foreign technology through joint ventures at the very beginning of the assimilation of the riches of Tyumen, the Tobolsk Oil-and-Gas Complex would be operating at full development today and would be providing not only intermediate product, but rubber and other valuable goods as well. And we bought equipment from the Japanese chosen at random, as well as others, but we have been building it for a decade and a half without an end in sight. A mass of valuable casing-head gas has meanwhile been burned off over this time.

[V. Badov] At the beginning of our discussion you were saying that industrial facilities that are badly needed for the near future are not being financed. There is no money for the social sphere, while social tensions are growing. Perhaps it would be intelligent in this situation to consider all of the alternatives, such as they are? Including the attraction of foreign investment.

[G. Shmal] There is a whole group of issues here that must be considered immediately. First of all, the future of the northern cities—Novoy Urengoy, Nadym...—is problematical. What will become of them? A little time will pass, and they will possibly become seats of unemployment. We must define the prospects for those cities. Second, I feel that alternative, scientifically substantiated concepts for the assimilation of the country's northern region are needed. This concerns the oil and gas fields first and foremost. We must compare in sober fashion the relative benefits of assimilating them with and without the attraction of foreign capital. Perhaps even our union republics, under the conditions of their great independence and the development of market relations in the country, could perhaps invest funds more actively in the development of the north. The attempt to attract the CEMA member nations to the infrastructure development of these fields promises no advantage. The Hungarians, for example, have recently requested payment for the work of their construction workers in hard currency. The best version is thus joint ventures, where both participants in the deal invest money and receive their own share of the profits while bearing responsibility for the results of the labor.

[V. Badov] How do you imagine the evolution of Minneftegazstroy, that major and mobile ministry, under the conditions of a market economy?

[G. Shmal] We are thinking very seriously about that today. There is no need to preserve the ministry. It will obviously be replaced by a concern-type structure. We have a specialization nonetheless. We have become practiced hands at oil and gas construction. Our linear-route nature requires control from a unified center. We

feel that the composition of the concern can and should include various associations, cooperatives and lease and other enterprises with any and all forms of ownership.

[V. Badov] And I was told there was the idea of Minneftegazstroy buying the fixed capital from the state?

[G. Shmal] It will probably be so with time. But it will be very difficult to buy it all at once and in its entirety. Funds are too few for all that, tens of billion of rubles. And individual enterprises, when the conditions are ripe for it, will begin buying them. I assume that the state could transfer this capital to our authority at first, and we and our organizations will construct new partnership relations on a lease basis. The motor-vehicle bases are going over to collective ownership here. I think that joint ventures will be developed as well.

[V. Badov] The question of the transformation of Minneftegazstroy into a concern was heard the other day by the Supreme Soviet. The decision was postponed despite the fact that the "reform committee approved." Some of the deputies, puzzled by the fact that the ministry itself wants to give its own enterprises "free rein," wondered if it wasn't a matter of "changing the shingle." Should the ministry in fact be deprived of the right to management activity?

[G. Shmal] It is mandatory when it becomes a concern. What should the concern be occupied with? Protecting the interests of our organizations at the central bodies. Pursuing a strategy of scientific and technical progress in the sector, developing the base on a foundation of the joint investments of investors. A specific industry has, after all, now developed in the sector that puts out over a billion rubles of product. And we must pursue the study of the construction market, including abroad, and create joint ventures in the Western market, support the retraining of personnel...

[V. Badov] So what about that holy of holies, the enterprise profits? The attitude toward profits is very "greedy" at many ministries. How do you look on that?

[G. Shmal] First of all, the disposal of profits is the sovereign right of the organizations making up the concern. We are centralizing a very small portion of it today, less than ten percent. We are expending those funds for the creation of new prototypes of technology and major types of production for sector-wide purposes. We will develop joint-stock principles more actively. This includes the sale of stock and the attraction of savings—those of workers and those of enterprises.

[V. Badov] Your sector, like the whole oil-and-gas complex, has always been financed out of the state budget. The time is evidently coming when the formerly "automatic" action of financing will be over...

[G. Shmal] It is gone now. This year we have encountered the fact that the gas workers have been given minimal capital investments.

[V. Badov] Credit financing altogether could arise in the next stage. And the gas workers will borrow money from the state. And will we perhaps be debating whether to get credit abroad, if they will give it, and will you settle up out of your own money?

[G. Shmal] The whole business mechanism in the investment sphere should be completely changed in principle. I think we must institute such a procedure that we are accepting contracts and building using turnkey methods.

[V. Badov] But the development of the whole construction complex has moved in the opposite direction. It is odd to speak of turnkey construction with the current development of construction.

[G. Shmal] We were nonetheless one of the few, under current conditions, who were coming out against the "gross." One of the first to convert to computations for commodity construction output. Then, when it was hastily canceled it set our capital construction back for years. And today we are trying to build turnkey, although there are a million problems. What is turnkey, after all? I should meet with the client twice—the first time when we shake hands and sign the contract, the second time when we turn over the finished facility. When we go over to a market in the true sense of the word, turnkey construction practices will become the norm.

[V. Badov] So why has Gosstroy [State Construction Committee] gone back on its word of the whole last five years?

[G. Shmal] Hard for me to say, although I myself was a member of the State Construction Committee and was present at many sessions of its collegium. I think the collegium simply assessed the situation incorrectly. This focus on the "gross" and completely incomprehensible computations for "stages" did not bring our capital construction any closer to improvement; rather the contrary. All of the misfortune in the country today, including the enormous holes in the budget, is thus basically connected with the poor operation of the investment sphere. It has no return today. Most sums of money are locked up in incomplete work. There is no use turning back, to the "gross," it cost us dearly. If wages, bonuses and material supply depend entirely on the infamous "gross" today, who will be engaged in the start-up of facilities, where painstaking labor is required? It is easier to "whip out" volumes and scatter resources. It is not worth it for the construction worker to work well or intelligently.

[V. Badov] Why has it come to pass that the former chairman of Gosstroy, who was incorporating all-encompassing team contracts on the gas pipeline rights-of-way without success and started off with energetic reforms, has seemingly been caught by the flow and carried along like all of his predecessors?

[G. Shmal] I think it is a recurrence of the administrative-command system in an attempt to just get along somehow over a short time span and correct matters in

capital construction. Perhaps now, with hindsight, it is easy to sound wise, but life has shown that without radical reform of the whole paradigm of the economy, we will be unable to get rid of the curse of incomplete work and move from a bureaucratic and command economy to an entrepreneurial, market one. It is the symbol and culprit of our disorder.

ELECTRIC POWER GENERATION

Electric Power Officials Interviewed on Economic Performance

904E0120A Moscow *RABOCHAYA TRIBUNA*
in Russian 9 Jun 90 p 2

[Interview with USSR Deputy Minister of Power Engineering and Electrification A. Kocherga and the deputy chief of the Economic Planning Administration of that ministry, Ye. Minasbekov, by S. Brusin: "The Ministry 'Surrenders' Power, Shifting a Third of the Sector Onto the Rails of Cooperation"]

[Text] *Lenin called the plan to electrify the country the second program of the party in 1920. Two years later he founded the cooperative plan for the development of socialism. But these two ideas have intersected for the first time just seventy years later: USSR Minenergo [Ministry of Power and Electrification] intends to perform up to 30 percent of operations in the industry in the cooperative sector in the next five-year plan. Today that percentage is just 2.6.*

What has caused this intent on the part of the ministry? This is related by USSR Deputy Minister of Power Engineering and Electrification A. Kocherga and the deputy chief of the Economic Planning Administration of that ministry, Ye. Minasbekov.

[Brusin] While many are condemning the "greedy cooperatives" and the press is vividly describing instances of theft, bribery and other of their violations, you are going against the prevailing opinion...

[A. Kocherga] I am convinced that it is not against, but rather with the development of society, along the sole possible path. The cooperatives are more flexible and mobile than state enterprises. They work quickly, with high quality, they make the losing profitable, they help us in the breakthrough sectors. Minelektrotekhprompribor [Ministry of the Electrical Equipment Industry and Instrument Making] thus does not supply instruments, we now have the opportunity of ordering them from the cooperatives. Or: the disastrous situation with housing is well known, and the personnel situation cannot be stabilized without it. That means that construction cooperatives should help out. The more so as the cooperatives could develop the production of concretes, coverings, panels, stone slabs, faience and other items and building materials from the heaps of slag and by-products of power-engineering production.

The construction cooperatives, by the way, do not let you down, as we have been convinced many times. Here is a recent instance—the urgent construction of an electric-power plant in the Transbaykal area. The deadlines could not fail to be met and the responsibility was great, but contractors could not be found. An age-old difficulty in the fact that if you don't get the site into the title list by December 31, there will be no construction for the whole following year. I have worked for 38 years without being able to grasp the "intelligence" of this requirement. But then my eye fell upon an advertisement for a cooperative—from Odessa. I called. And everything was done in a matter of days—negotiations in my office, a trip by the construction workers to the site, the launch of operations. The story is the same with a sanatorium in the Caucasus—the sector pushed the construction of its own sanatorium along from plan to plan for decades until it was entrusted to the cooperatives.

[Ye. Minasbekov] Even the plans for the computerization of the sector are linked with cooperatives (the Shag information cooperative). This includes the supply of the computers, the creation of databases of sector scientific, technical and commercial information and the micro-filming of existing technical documentation for the production facilities of the sector.

[Brusin] It is commonly felt that the ministry is an "autocrat" in its sector, that the fulfillment of any task may be organized under its authority. Why then resort to the aid of cooperatives?

[Ye. Minasbekov] The ministry is unfortunately far from omnipotent in the face of an enormous number of problems—the ways of the old bureaucratic relations in the sphere of business activity make command-style urging futile. We in the sector are eagerly awaiting the adoption of a set of laws for economic reform, but for now we envy the cooperatives and their flexible opportunities in the search for raw materials, sales, product lines etc. They have small overhead, the vested personal interest of each worker and the collective overall is great, the organization of labor is more sensible, the utilization of wastes is good, there are sharp reductions in the total fines and materials and equipment above and beyond the standards are at a minimum. The economics, in short, are healthier than at the plants—we did a serious comparative analysis. The cooperatives do not need to be undermined with restrictions, but rather the freedom of cooperative maneuver must be extended to the enterprises.

[A. Kocherga] It's strange—state enterprises are trying with all their might to get out from under the administrative "cap" of the ministry, while the cooperatives, on the contrary, are seeking contacts for long-term collaboration with the ministry and are asking for state orders. A paradox? All normal enterprises around the world behave essentially that way—seeking customers and calculating the prospects for the years ahead. USSR Minenergo, after all, is a voluminous market, and the cooperatives are therefore rushing to "tame" the sector for

themselves. While there are disputes in society surrounding the market economy, the cooperatives are not arguing, they are seeking a place in the future market. And only state enterprises, which have not yet had a taste of economic independence and have, on the other hand, endured the command style of management in the past, are forsaking the ministry. In short, the cooperatives are a step ahead of the state enterprises, as it were, in the farsightedness of their calculations.

We are not afraid of contacts with cooperatives. There was a sector seminar in Gomel last year where, aside from our executives, there were 300 representatives of cooperatives in attendance. We found out their interests and problems and came to a united opinion—fellowship will bring only gain.

[Brusin] Only gain? But the difference in wages at the state enterprise and at the cooperative, the difference in the price of the products, the drain of the best personnel? None of that bothers you?

[Ye. Minasbekov] That is reasonable. Answers to the questions you are asking must be sought in the correctly composed contract of the state enterprise with the cooperative. The technique for this contact should be sector-wide and developed by the USSR Council of Ministers. But insofar as there is not one, we will be creating one ourselves for our sector. We are, by the way, undertaking a step that everyone—cooperatives, production workers and the public—have been waiting for for two years now, but which is not being done for some reason by the central economic agencies, in relation to the prices for cooperative output. And it is, moreover, at the foundation of the whole cooperative movement. We will accept products from cooperatives strictly at state prices, but will, in turn, offer the cooperatives raw and other materials and equipment strictly at wholesale prices in the same way, without those enhancing factors that are borne along in the price everywhere and are ultimately a blow to the interests of the consumers. The cooperative, of course, has the right to sell its products on the side and to set a contract price rather than the state price—but only outside the framework of the state order. We have to deplore the fact that state enterprises and cooperatives did not have equal rights in the sense of taxes, price formation and material and technical supply on a nationwide scale at once. There would not have been many of the negative phenomena in cooperatives, and the consumer would on the other hand have gained from the healthy competition of two sectors of the economy and the undermining of monopolism.

[Brusin] The necessity of bringing the two sectors of the economy closer together is understandable, but why in such a hurry—shifting up to a third of the volume of operations in the sector in the next five-year plan?

[A. Kocherga] Extraordinary circumstances are forcing us, and I think that relates to most of the ministries. The government, as is well known, has proposed that the ministries almost double their production of consumer

goods each year. Need it be said that the state enterprises, remaining on the path of the old business mechanism, is not able to fulfill such an intensive program? Our gaze thus falls upon the cooperatives, and after all, their production of consumer goods is counted in the plan for the guarantor enterprise.

Thus was born the idea of creating a sector union of cooperatives operating within the ministry system as a fully empowered and representative partner for joint business policy. The ability to manage the cooperative movement is thus becoming a topical task for the sector.

Public Opposition to Nuclear Power Stations Analyzed

904E0139A Moscow GUDOK in Russian 25 Jul 90 p 4

[Article giving two opinions on nuclear power stations by Gudok correspondent V. Kurkov and A. Bochev, professor at RIIZhT (Rostov on the Don Institute of Railroad Transport Engineers) and doctor of technical sciences: "Nuclear Standoff." First paragraph is the introduction.]

[Text] Life is a harsh teacher. It also teaches by death. It is up to the living to live, and the death of loved ones forces them to learn seriously. The beginning of perestroika was darkened by the Chernobyl tragedy, which made possible something previously unthinkable in our monolithic society: public resistance to the authorities. The state's position on nuclear power stations is "for." The country's public is "against." Each side has its own logic, its own arguments, its own facts.

Irradiation by a Lie

We know so much today about Chernobyl (although present-day "discoveries" force us to think about the incompleteness of information) that there is no sense in going through all the pain again. I am not one of those who suffered, but together with millions of ordinary citizens of the country, from the most different geographical points, I consider myself to be a hostage of the network of nuclear power stations, both those in operation and those under construction.

Again, I will not generalize. A nearby example is sufficient: the Rostov nuclear plant, quietly and assertively being built on the edge of the Tsimlyansk sea despite literally the cries of the people.

The people are up in arms in both Rostov and Volgograd. There have been relatively peaceful meetings with resolutions and demands. There have been demonstrations with pogrom endings, with hooligan disorders. There have been strikes and deputies' enquiries, appeals to international organizations... There has been everything. But in vain! The station was being built during the entire time. It is quietly being built now as well. Or more precisely, it is being completed and is literally on the verge of start-up of the first unit.

The local authorities cast prudence to the wind, explosively surrounded by the population on one side, often electrified by the lie, and on the other side by government regulations on continuation of the nuclear plant's construction.

Rostov residents have long noticed the banal bureaucratic trick: if you need to prolong the issue, create a headquarters, a commission. And how many such commissions have there been already, directly or indirectly establishing the particular ecological danger of the nearby nuclear plant not only in case of an accident, but during normal operation as well? Yet construction has continued, and the indignation of the deceived man in the street increased anew. Because the "halt" in the construction turned out to be a lie. Because certain conclusions of "malleable" commissions were refuted by other experts.

The fear of having an AES (nuclear power plant) nearby is fed by the secretive operation of such facilities, the classified nature of information, where in fact minor deviations from standards and rules leak out through the channels of banal rumors and are embellished with incredible details.

And there's more. After all, we ourselves know our own value better, what kind of workers we are. The foreigners working on joint construction projects, after learning "hello" and "thank you," pick up our "that'll do."

One has to ask why we should be certain that nuclear power plants are built differently? Rostov residents don't need to go far: the train station here has been under construction for four five-year plans. The steel framework structures are now covered with decorative faceplates. So, the rust-covered steel will stand as long as was once defined by the design? Nothing of the kind! But the work goes on, and none of the experts is worried, because unfortunately man lives less than the structures he erects.

The people of Rostov, having matured in their struggle with the local nuclear power station, remember a great deal from their past. The showplace new projects, when the quality of construction, of products, of work organization and training were sacrificed for the sake of good reports; and the mud-covered sea of "construction projects of the century"; and the shooting of the Novocherkassk protest demonstration; and the struggle against the most valuable vineyards instead of a genuine struggle against alcoholism; and so forth. It is becoming ever more intolerable to live in a lie. As though the ruling authorities fail to understand this, advancing explanations with informal groups and their own people regarding the same nuclear power stations, drowning the crux of the problems in all kinds of frequent expert reports and commissions...

V. Kurkov, GUDOK correspondent.

The Alternative

The main argument of those advocating continued construction of the Rostov AES is that the region already suffers from a serious shortage of electricity. They accuse

the opponents of the construction of excessive emotionalism, reinforced by inadequate information. I am a specialist in power system reliability and possess some information. So let's try to figure this out: are the people of Rostov really running the risk of a "future by candlelight"?

Let's assume the Rostov AES is built and commissioned. Of course, there will be more electricity. But at what price? Let's evaluate the situation from two sides: when an accident occurs, and when the plant will simply be in operation.

Let's start with an accident. Assume this is a purely Chernobyl version—just don't say that such accidents should never happen again! Let's look at things realistically.

So what awaits us in case of an accident? Considering our winds, the radioactive cloud will cover Rostov and Taganrog in three hours. Novocherkassk even earlier. We can't seriously talk of an organized evacuation of a city of one million, that is clear. In several hours the water in the Don will become radioactive, and thus that of the water pipeline; there are no other sources of water supply.

The situation will be made worse by the fact that the AEC is situated on the shore of the Tsimlyansk sea according to old standards, only 900 meters from the water's edge. And on loose soil to boot. And with our quality of construction. In sum, the price of a failure (I repeat that I am a specialist in the reliability of electricity grids and stations, so I am not using the terminology of informal emotions) would be unbelievably high.

But let's take the situation of normal operation, without a breakdown. The coolant pond is the Tsimlyansk reservoir. The sea is becoming overgrown and is dying, steamships no longer sail it in the summer, they crawl through a stinking soup. The AES will further heat up the reservoir and thus speed the growth and decomposition of algae. Nothing further need be said about the quality of the water in the water pipeline. And there are other dangers; it would be better not to build a nuclear plant at this location. And what about the prospect of being without light? There is an alternative. Those bent on building the AES simply conceal it.

Let's begin with refitting the oblast's thermal electric power plants. Replacing the long-obsolete generators with modern Soviet ones at just the Novocherkassk GROES (state regional base-load electric power station) would fully cover the Rostov oblast's electricity shortage. And nearby is an even older GROES: Nesvetayskaya. There are other smaller thermal power plants as well, also long obsolete.

The question arises why the Ministry of Power has not used such a variant? For the same reason as with all government agencies: we believed only in that which was ever newer and more gigantic. Yes, the pre-Chernobyl atomic euphoria blocked off all common sense: we

needed not real results, but "achievements," not work, but inspired labor, and unfailingly for the bright and distant future. But times are different now outside! Why are they trying to mislead us?

But let's not be hasty. The advocates of nuclear power stations over TETs (heat and electric power stations) and GRES (state regional electric power stations) have one more trump card: emissions. You see, the Ministry of Power and Electrification has remembered ecology. Let's try here as well to equal the "decaying" West: there, the smokestacks are not belching. There, emissions must be scrubbed to genuinely human standards, and standards not fitted to "what is possible," as is done here. Expensive? Yes, ecology must be paid for as well, not everyone shouts "green" slogans. But these expenses are many times lower than the costs and losses from the predominance of nuclear power plants.

Another argument against nuclear power plants and in favor of the idea that we are not threatened with living by candlelight if we take a serious approach to energy consumption.

The country's nuclear power stations produce 11 percent of its electricity. Yet the loss of electricity amounts to 54 percent! Some losses can probably be considered objective and justified. But if they were cut—only!—in half, then nuclear power stations could be eliminated. And with reserves for some time.

Something specific can also be said about energy conservation. Say, at the household level. Because of voltage "dancing"—that's the level of our technical sophistication—we produce incandescent light bulbs with a wattage not of 220 volts, but 230-250. The actual wattage in apartments in the evening is 200-210. The luminous flux at that time is 2-3 times lower. Have you noticed that a 40-60 watt ceiling bulb in a room no longer "makes it," that it has long been replaced by bulbs of 100 watts and more? This is the relation between the quality of electricity and its quantity.

And our televisions? Like the light bulbs, radio equipment in developed countries consumes about one-fourth the electricity of ours. These are not trifling amounts: household light and radios, urban household power consumption in general, determines the degree of electricity sufficiency or shortage.

The energy reserves are even more significant in industry. There, the attitude towards "free" power is even more barbaric, because it is in fact free for any manager.

And finally, on alternative small sources of electricity. The Rostov oblast has lots of wind. But where are the wind turbines? Here again they frighten us: if wind turbines are set up on some field with a capacity equal to that of the average electric power station, then everything living around will die from infrasound. They shouldn't juggle with facts. And they don't need these kinds of fields. Small wind turbines are needed. In a

field, in a small farmstead, at a farm. So that power lines need not be stretched to every small consumer.

And the sun? There are also encouraging developments. And once again, they don't need to threaten us with huge fields of solar cells. The popular literature already has examples where a "semiconductor roof" provides a hotel, hospital, school or house not only electricity, but also heat, and cooling in the summer. But we aren't accustomed to small answers.

We could also talk about biogas: it is also in use in the GDR and Estonia. Did you know, for example, about the "eternal" and absolutely clean electric power station in England? Around the plant is a wide band of...poplars. In three years they grow to three meters, as thick as one's hand, and are used for fuel. And they are planted right there. An oxygen balance is maintained: the amount consumed in burning equals the amount given off by the poplars growing nearby.

And finally. As to the argument that the station has been built, the money is gone and now nothing can be done. It's not true! Nuclear power plants can be refitted as GRES's.

For some reason, we love extremes. As soon as something new appears in science or technology, without fail we extrapolate it "for the rest of our life." Look at pictures of old journals, and you can see the whole sky in dirigibles, and the streets as a cobweb of wires. But dirigibles were followed by airplanes and helicopters; wires were replaced by radio and underground cable. The same is true for nuclear power plants. Chernobyl cooled somewhat the euphoria over nuclear plants, but we should think seriously about our future life!

A. Bochev, professor at the RIIZhT, doctor of technical sciences.

RSFSR Union Conference Views Northern Socio-Economic Issues

904F0201A Moscow TRUD in Russian 27 Jun 90 p 1

[Unattributed article: "The Northerners Are Tired Of Waiting"]

[Text] The trade unions are demanding radical solutions.

The social and economic problems of the North were examined during an interregional trade union conference held in Murmansk, a conference which convened in response to initiative displayed by the FNPR [Federatsiya Nezavisimykh Profsoyuzov Rossii; Federation of Independent Trade Unions of Russia]. Representatives from 12 autonomous republics, krais and oblasts of the Russian Federation—from the Kola Peninsula to Kamchatka and Sakhalin—participated in the work of this conference. In the declaration adopted during the conference, special mention is made of the following:

In expressing the moods and requirements of the trade union organizations, enterprises and institutions operating in the North and in regions on a par with the North, the conference considers it necessary to direct the attention of the highest legislative and executive authorities of the USSR, the Russian Federation and the country's society to the complicated socio-economic situation prevailing in this region.

Many years of intensive and barbarian use of the raw materials of the North, without taking into account the social, demographic and ecological consequences, have brought about a sharp deterioration in the living conditions of those residing here and have pushed entire regions to the brink of ecological catastrophe. The social development of the territory and the material status of the workers are not in keeping with the contribution being made by the latter towards the country's economy. The established system of compensation for workers in these regions discriminates against the rights of the workers and in many instances fails to cover the additional expenses associated with living and working under extreme conditions.

The deterioration in the economic conditions of the labor collectives, the social injustice in wages against the background of a sharp increase in the cost of living, the lag in the construction of housing and socio-cultural installations, the absence of realistic benefits in pension allowances, uncertainty in the implementation of the economic reform and the lack of specific plans for converting over to market relationships in the economy are causing serious dissatisfaction among northerners, sharp growth in social tension and a readiness to fight for their rights.

The numerous appeals addressed by labor collectives and trade union organizations to the Supreme Soviet, the government of the USSR and to Russian republic organs concerning these matters are still awaiting attention and many decisions which were handed down earlier remain unfulfilled.

In summarizing the collective opinion of the worker representatives for the northern regions and branches of the North's national economy, the conference is requiring the union and republic legislative organs to examine, jointly with the FNPR, and resolve the following important questions deemed common to all northerners:

Review the regional coefficients and eliminate the departmental overlapping of agricultural lands, by increasing them to the maximum level for the specific region. Remove the maximum wage amounts (300 rubles) for computing the northern increment and regional coefficient.

Eliminate the discriminatory differences in the setting of norms and wages for each profession and branch. Restore the principle of equal pay for equal labor. Extend to those youth who grew up in the North the percentage increases in wages, in full volume and commencing with the very first day of work. Introduce a payment for length of service in all branches of the national economy.

Define the system for indexing wages in connection with inflation and growth in the cost of living.

Expand the list of professions characterized by favorable pension ages. Retain the regional coefficient for pensions for all northerners regardless of their last place of residence. Consider a year's work in the North as equivalent to 1.5 years length of service.

Guarantee, through the state order, deliveries of food products and industrial goods to regions of the Far North and deliveries of construction materials, fuel and equipment for the purpose of maintaining high construction rates for housing and socio-cultural installations.

Strengthen legislatively the preference of northerners (after establishing an appropriate allocation system) for tracts of land, for the acquisition of apartments, for housing construction and for the acquisition of apartments in the country's central zone. Define the regions for the construction of health resorts and boarding houses, in accordance with orders from enterprises and organizations in the northern regions.

A radical solution for the mentioned problems will require a search for large-scale material-financial resources. The conference is of the opinion that today's northern economy is making it possible to find these resources where needed. A need exists for true economic independence, a reduction in the state order and the right to sell a portion of one's output through commodity exchanges at free prices within the country and also abroad in accordance with an appropriate quota and licenses and for convertible currency.

The solution for the problem of establishing scientifically sound wholesale prices for raw materials and products produced under the extreme conditions found in the North cannot be postponed.

A favorable taxation regime must be created and greater rights must be extended to the organs of Soviet government in the formation of a local budget for developing the entire sphere of services, public education, culture and public health. A need exists for special legal regulation of economic operations and the socio-economic development of all regions of the North.

The conference is counting upon the governments of the USSR and RSFSR to understand the severity of the mentioned problems and the need for achieving practical solutions for them and for supporting the people's deputies of the USSR and the RSFSR (from the northern regions) and it tasks the Council of the Federation of Independent Trade Unions of Russia with organizing and coordinating all of the organizational work and similarly the joint collective actions of trade union organizations in supporting and protecting the mentioned requirements.

RSFSR Union Federation Council Defines Positions

904F0220A Moscow *RABOCHAYA TRIBUNA* in Russian 21 Jun 90 p 2

[Article by L. Plotnikov: "Ready to Work With Everyone—The Plenum of the Independent Trade Union Federation Council Completed its Work in Moscow"]

[Text] Leaflets with the bold title "Independent Trade Unions of Russia Break Transmission Belts," handed out to plenum participants, made it clear that the FNPR did not intend to break away from the country's unified trade union center, although on a number of issues its positions differ from the the AUCCTU [All-Union Central Council of Trade Unions].

In characterizing relations with the Communist Party Central Committee it was noted that it not only is not issuing dictates, but so far has showed no special interest in the new structure.

Finally, it was admitted that the exploitation of labor in our country at times is greater than in the Western powers. However, with market relations there will be new production relations, where there will be a sharp distinction between wage laborers and employers.

Such, in brief, was the "calling card" of the FNPR. It is too early to talk of any big specific actions by the council as it was set up only recently. Nevertheless, inhabitants of the republic already know that the Presidium of the Federation Council supports the initiative of trade union organs in northern regions to hold a conference where a Declaration on the Social and Economic Problems of the North was passed.

I. Klochkov, FNPR chairman, stressed at the plenum: "We have every ground to conclude that people are hopeful about the new Russian government led by B. N. Yeltsin, Chairman of the RSFSR Supreme Soviet..."

The independent trade union announced that they will support government measures to reform the economic mechanism and to assure the complete economic independence of Russia.

However, the trade unions do not agree in all their activities. They declared "war" against all decisions damaging the interests of workers and pensioners. Neither will the FNPR tolerate a reduced role as defender and representative of the working class.

The Presidium of the FNPR Council made several demands and suggestions to the Russian government concerning improvements in working people's situation and suggested signing an agreement with it for 1991. Plenum participants think that the FNPR has the ability to get the government to change its economic policy, orienting it toward full employment and comprehensive social welfare for citizens. Drafts of the agreement will be discussed at workers' collectives and later sent to the government.

The plenum noted that the transition to a market economy is the key question in our society. The Federation Council urges that several "round tables" of trade unions and the government be established. The council is ready to collaborate with all organizations to work out the least painful way of making the transition to a market.

The plenum decided to hold the second session of the Founding Congress of Russian Trade Unions on 18 September 1990.

UkSSR Government to Improve Conditions for Miners

904F0220B Moscow *TRUD* in Russian 22 Jul 90 p 2

[Text] The goal of the program for social and economic development of cities and settlements in the Ukrainian SSR for 1991-1995 is to create normal conditions for the lives of miners, and to provide them and their families with necessities equal to those of other regions of the republic.

Underground miners will not have to wait longer than 6 years for a comfortable apartment. Miners' houses will have gas and hot water and improved electrical and communications systems.

The program foresees a 1.6 fold increase in the construction and introduction of houses during the next 5 years compared to the past five-year plan, for hospitals the increase will be 5.5, for outpatient clinics—4.1; schools—1.7; preschool facilities—1.5 and municipal service facilities—3.6.

Miners' health records will be very important. They should be compiled by the USSR Ministry of Health prior to 1 September and introduced in treatment and prevention institutions, not just in the Ukraine, during

1990-1991. It is also intended to introduce several measures to supply medical equipment, to improve preventive health treatment for miners and to provide rehabilitation and sanatoria and spa treatment.

In order to improve food supplies resources are being allocated to increase the capacity for meat processing, producing sausage, whole milk products, baked goods, frozen fruit and vegetables and canned goods.

Each inhabitant of mining regions will be provided with up to 300-350 liters of clean drinking water daily. To do this there are provisions to complete the construction of the "Dnepr-Western Donbass" aqueduct, treatment facilities and water distribution systems, a filtration station in Lugansk Oblast, the expansion of the Donetsk filtration station and the relocation of the Gorlovka station outside the city limits.

The program devotes much attention to improving the ecological situation.

Resources are to be allocated to build sanitation-protection zones and to relocate inhabitants from areas of underworking and slumping which are caused by mining operations.

The program for building houses and other facilities will be supported by considerable expansions in the construction and construction materials industries.

Leaseholders, Entrepreneurs Union Congress to Focus on Market Transition

904F0174A Moscow TRUD in Russian 2 Jun 90 p 1

[Interview with P. G. Bunich, president of the USSR Leaseholders and Entrepreneurs Union, by correspondent D. Grafov: "The Leaseholders Take Counsel"]

[Text] The first congress of the USSR Union of Leaseholders and Entrepreneurs opened yesterday in Moscow. Our correspondent D. Grafov obtained an interview with P. G. Bunich, president of the union.

[Grafov] Pavel Grigoryevich, what problems will be examined by the congress?

[Bunich] Indeed, movement toward a market is inevitable. And this is especially important for us because leased enterprises are the most market-oriented structure and the most prepared for it. The congress has to discuss a number of problems related to the place and role of entrepreneurship under the new economic conditions.

The development of lease relationships has accelerated markedly since the beginning of this year. Unions of leaseholders and entrepreneurs have sprung up in Belorussia, Kazakhstan, Kirghizia, in the non-Black Soil zone of the RSFSR and in Moscow and Omsk oblasts. Ministries being transformed into associations and some construction committees are sizing up the situation and are expressing even the desire to join our union. However, at the same time enormous resistance is also being

felt. Enterprises and subdivisions which had intended to convert to leasing are being closed, being deprived of independent status and their leaders are being changed. Leaseholders are being deprived of supplies, investments, and housing quotas and are being fitted to centralized wage rates and salaries.

[Grafov] Problems related to the government's program for conversion to a market economy will surely be touched upon at the congress somehow or other?

[Bunich] Yes, this program will be, in my view, the starting point of our work. However, I would not say that it is a good starting point. There are elements of movement toward a market in the government's program; however, the part that relates to the reform of retail prices is, to put it mildly, non-market. The claim is made in justification of this that if enterprises, including leased enterprises, are converted to the market at the same time, the prices for their output will increase sharply and this will lead to a jump in inflation. I do not agree with this. The problem reduces to one of tying up the customer's money; then prices will not soar. You see, prices are high now not only because there are few goods but also because there is much money. It can be tied up through loans in exchange for the provision of goods in the future, as well as through the sale of enterprise shares, houses, plots of land and an increase in bank interest.

[Grafov] What, nevertheless, will be changed in the leased sector with the conversion to the market economic model?

[Bunich] The zone of market prices will be expanded, the compulsory state order will decrease, and scope for commercial credit will be opened up. Commodity exchanges and exchanges for securities freely purchased at the market rate will begin to function. Naturally, changes in the administrative structure of the enterprises themselves will also occur. Any denationalized property, whoever it belongs to, will require a director, a manager, an entrepreneur. Therefore, their mass training has to be organized in the very near future. I can say that the USSR Union of Leaseholders and Entrepreneurs is even now taking an active part in this.

Conversion Leads to Need for Employment Agency in City of Glazov

90UM0681A Moscow IZVESTIYA in Russian
19 June 90 Morning Edition p 2

[Article by S. Chugayev: "Why Glazov Needs a employment agency"; first paragraph is IZVESTIYA introduction]

[Text] "Employment Agency"—It has been 60 years since these words appeared in a sign located at the entrance to an official Soviet institution. We will see this in the fall in Glazov.

Everything seemed to be all right in this Udmurt city until a short time ago. Quality buildings were being erected, there was no shortage of goods in stores, and the residents possessed enough money to make purchases. The source of the well-being was two large enterprises of the "defense" kind, around which the city had been built. All of a sudden conversion came along.

The next thing to happen was loss of state orders by the enterprises. Then there was talk of shutting one of them down, since it was doing harm to the environment. This year 400 secondary school graduates will not be able to find a job in town. Jobs that had been held by women on maternity leave were abolished. Next to go are highly qualified male specialists who are in the prime of their working lives. Estimates show that this fall there will be more than 1,500 of them.

It is not hard to guess what catastrophes can occur under these conditions. Facing an unenviable future, the Glazov city authorities turned to science for help. They arrived at an agreement with a group of scientists headed by I. Zaslavskiy of the NII [Scientific Research Institute] of Labor relative to investigating the situation. The scientists agreed to do this on their own time.

It was not long before they developed the idea of the city employment agency, an unemployment compensation fund, and how to place controls on the worker release process to prevent laying off too many workers at one time. They not only developed plans, they implemented virtually all of them. In essence, the employment agency already exists. It is housed in adequate quarters located in the center of town. The exchange is equipped with a computer and training classrooms. A total of six or seven persons will constitute the staff there. They will be given the status of a division of the gorispolkom [city soviet executive committee]. This means that there will be a regular salary arrangement that will attract qualified specialists.

All Glazov residents already know that they can register with the employment agency in the event they lose their job. If the search for a job will require some time, the applicant may be offered temporary employment, directed to public jobs in town, offered work at an enterprise located out of town where there is a requirement for his line of work, or enrolled in retraining classes to qualify him for a new line of work. The choice is up to him, of course. In the event suitable work cannot be found, the applicant will become eligible to receive financial assistance in an amount equal to at least half his pay. The funding will be from a city unemployment fund. It is to receive monies from enterprises as manpower deductions, some from social security, and some from voluntary contributions. The local church has promised to do what it can. It is expected that in the future some input will be received from economic accountability activity of the exchange itself. Thus, the creation and activity of the city employment agency did not require a single kopeck of state funding.

I cannot say that Glazov residents who lose their jobs will have it easy. However, now they are rid of a major worry—uncertainty.

What about people who live in other cities, where, as is the custom in our country, the authorities may be waiting for someone in the center to take care of things?

There are not enough independent experts for all cities, of course. However, we do have a substantial scientific institution: the NII of Labor. But let us recall that a researcher from this institute worked on Glazov's problems on his own time.

Why not on official time? Is the USSR Goskomtrud [State Committee for Labor and Social Problems], the institute's superior organization, not interested in unemployment problems? The point is that the residents of Glazov are not the only ones: many persons are worried about losing their jobs in these changing times.

Strictly speaking, we should be receiving complete replies to these questions from specialists of the Scientific Research Institute of Labor. Why did the Glazov people prefer to deal with a team of independent experts? This is the question I posed in the institute.

I soon learned in my conversation with V. Dudkin, chief of the Manpower Department, that the institute carries out virtually no unemployment studies, for the simple reason that there are no unemployed, that is, it still has not been established who should be considered as unemployed. For example, of the million unemployed in Uzbekistan that were mentioned from the rostrum of the February Plenum of the CPSU Central Committee, that figure included mothers having many children, respected peasants who grow vegetables and fruits on their own plots, and many others that have no intention of walking up and down a street wearing a sign reading LOOKING FOR WORK. This is something that makes a person wonder about to whom the figures actually refer. And what the basis was for figuring that about four billion rubles will be required to provide for full employment, if no one has a clear idea of how many unemployed there are now, how many there will be in the future, and who they are.

The institute carries out the research that is ordered by the superior organization - the USSR Goskomtrud. This is the first year that orders call for drawing up plans to predict employment under the new economic conditions and lay the groundwork for organizing a state-run employment service. It will be another year before problems of employment monitoring will be studied and plans made for a model of a state-wide employment data exchange service. I in my naivete was under the impression that all of this had already been researched and worked out. After all, officials of the USSR Goskomtrud said that unemployment was just around the corner.

What was the departmental service doing all this time we have been preparing for major changes in our lives? Primarily laying a theoretical foundation for the idea

that yes, under socialism it is possible to have some unemployment of some sections of the population; that a employment agency—something that is compatible with socialism—may come into being; and, most importantly, our unemployment and our employment agency are not the same as under capitalism.

I cannot help but quote a portion of one of the scientific reports: "...Under socialism there is a market aspect, but it is opposite in nature to that under capitalism. In the labor market existing under capitalism, a man sells his capacity for work by offering the latter, while in the labor market under socialism a man offers his capacity for work and receives from the state a part of the means of production, the latter in the form of collective ownership and use." An old joke comes to mind: The main difference between capitalism and socialism is that under capitalism you have exploitation of man by man, while under socialism you have the opposite.

I am at a loss to say how much good all this does for a person standing on the outside of an enterprise and looking in. For example, how much is he helped if it is made clear to him that: "The principle feature of the socialist labor market is the social orientation, humanity, and democratic nature of its efforts to discover the labor potential of the person"?

An unemployed person needs a job, and for this there is a requirement for a employment agency that is geared to finding employment, not to "discovering the labor potential of the person." All in all, that is the kind of common sense that guided the Glazov people to bypass the NII of Labor.

Prospect of Chinese Construction Workers in USSR Viewed

904F0187A Moscow TRUD in Russian 12 Jun 90 p 3

[Interview with Zhan Yunguan, USSR and Eastern Europe department director of the main construction company, others, by correspondent A. Sukhotin: "Who Will Come from China? Beijing Workers Gear Up to Build Apartment Buildings, Hotels and Day Care Centers in the USSR"]

[Text] The issue of foreign workers in the USSR is raised in our press with increasing frequency, causing lively debate and discussions of pluses and minuses of using foreign labor services.

Some of our economic managers see this as a useful reserve to replace residency quota workers and to solve labor shortages in various parts of the country. Others point to difficulties in paying for the services, the likelihood that large numbers of workers will be freed in the course of economic reform starting in the USSR and even the worsened crime situation in areas where foreigners live and work.

Our PRC correspondent met with representatives of the main construction company which is starting to supply

workers to the USSR on contract with the VTsSPS [All-Union Central Council of Trade Unions] and the KamAZ motor vehicle plant [KamAZ].

Zhan Yunguan, director of the USSR and Eastern Europe department, told us about the company and its plans:

[Yunguan] Our company, the leading construction firm in China, was formed in 1953. At that time we worked closely with Soviet specialists, building factories whose equipment came from your country. We also built many projects in Beijing. The metro, all the most famous hotels, highways and the Olympic village (there are hundreds of other projects on the list) are the fruit of nearly 40 years of our activity.

The statutory capital of the company is 1 billion yuan (\$212 million). We have over 80,000 workers and 3,000 engineers.

At the KamAZ, we will build housing, one medical and one office building. In Moscow, Leningrad, Krasnokotelsk, Vologda, Kalinin and Novosibirsk—hotels, restaurants, day care facilities and schools are planned.

Engineer Yan Hesin, deputy department chief, joined the conversation.

[Hesin] Over 90 percent of our workers are men. One thousand construction workers will be sent to the KamAZ, where they will be building turnkey projects, and 200-300 workers will go to other sites. The PRC construction sector has seven grades. Grade 7 is the highest. On average, those we send will have Grade 5. Our company does not pay set rates; instead, we work on contractual terms. Only those who work well get their contracts extended. So you will be actually getting permanent workers, albeit nominally considered contract labor. We select only the best.

Our work quality is highest in China. If we sign a contract and assume responsibility, we guarantee timely, quality execution. We intend to bring all needed equipment and finishing materials. By the way, our enterprise produces those materials itself, as it does elevators, with foreign participation. Cement, steel and sand will be supplied by the Soviet side. If it comes regularly, there will be no problems. The only issue that remains is that of our compensation.

Payment in hard currency is out of the question, I understand. We may agree to a barter deal. Here, there are difficulties, however. What we want most—timber, raw materials and steel—is now hard to get. In addition, our partners will need the permission of central authorities. We are willing to take payment in trucks or chemical fertilizers. We are now trying to get as many contracts as possible, with various organizations and for different projects, so that we can get what we want for the rubles we will earn. But for this we need time and a careful analysis of the situation.

[Question] Does your company not plan to cooperate with the Soviet side in setting up joint ventures?

[Hesin] We have a plan to build a joint restaurant, an office building that could be leased to foreign entrepreneurs for office space and a hotel. The future of this idea depends, of course, on how successfully foreign capital and foreign tourists are attracted to the USSR. In principle, this is very likely. We, for instance, have been able to attract tens of billions of dollars in the past 10 years, persuading the Americans and the Japanese that China is a great market.

[Question] Let us return to the issue of sending Chinese workers to the USSR. What about discipline and ability to abide by the laws of the host country? Relations with the local population are important as well.

[Hesin] I know what you are talking about. I have already mentioned that we take great pains in selecting our workers. Engineers have the power to exercise strict control. Ugly incidents which unfortunately occurred when Chinese workers were used in the USSR border areas should not be repeated in the case of our workers. Nor will we tolerate speculation.

Our workers will live apart and work in special construction zones. Only large groups will be allowed into town, with group members exercising mutual control over behavior.

We believe that workers must work harder abroad and have higher production quotas, since they are paid more for their labor. For this reason we will introduce a 10-hour shift. There will be an opportunity to work even more, even on Sundays. Given this schedule, there will simply be no time for mischief. Leisure time is the most serious problem. We have a custom of thinking of home when we are abroad. We will bring television sets and cassette players, to have something to do in the evenings. The company has experience of working abroad—in Africa, the Near East and Sri Lanka. Even when they build projects in China proper, our workers spend long periods of time away from home and without families; they have become used to it. In addition, party, Komsomol and trade union organizations play their role. For minor violations of discipline we immediately take away bonuses and for more serious ones send offenders home. If a worker causes any kind of damage to the Soviet side, the company is liable for it; this is specified when the contract is signed.

[Question] How do you plan to address such issues as housing, health care and food? Medication, the climate and cuisine differ greatly in our countries.

[Yunguan] We are not afraid of the cold. We have winters in Beijing as well, with strong winds. Our workers come from the north, even though it is only Northern China.

We will provide our own food. We have our own cooks. Your food products are generally acceptable. We will bring our own spices. The KamAZ will give us a plot of land to grow vegetables.

We will bring our own medicines, too. In cases of serious illness, we will use your doctors, of course, but we will try not to do so too often. We know that your health care, unlike ours, is free.

We will not take away housing from your workers either. First we will build our own dormitories, and then start on the main project.

At my request, A.B. Lityagin, deputy USSR trade representative in the PRC, commented on the answers of the Chinese specialists.

[Lityagin] The most important thing we must pay attention to in such deals is the preliminary analysis of all aspects at a serious professional level. As the experience of using Chinese construction firms on projects in our Far East region has shown, this cooperation can be successful only on a contract basis, when they build turnkey projects, and not when Chinese workers are used by Soviet construction entities or enterprises.

It is also important to select the Chinese partner properly, one with experience of working with foreign firms and proper qualifications. It is no secret that many organizations and companies in China want to work in the USSR, but many are unable to meet necessary requirements.

As to our side, we must not consider it normal when by way of payment we sell mainly deficit goods to China, such as timber, fertilizers and nonferrous and rolled metals. Unfortunately, this was mainly the case in 1988-89. We must seek truly mutually profitable means. Many Chinese companies agree with this. Since this cooperation is based on barter and on independent actions by Soviet organizations in seeking means of payment, it is, in my opinion, promising.

RAIL SYSTEMS

Rail Transport Losses Itemized

904H0293A Moscow GUDOK in Russian 2 Sep 90 p 2

[Report of railroad losses under the rubric "In the Mirror of Statistics" prepared by L. Kiryushina: "Candidates for Bankruptcy"]

[Text] Railroad transport enterprises as a whole incurred losses of 23 million rubles in the first half of the year, whereas they had planned a profit of 8.6 million rubles. Most such enterprises were on the Azerbaijan Railroad (18), the Sverdlovsk Railroad (13), the South Urals Railroad (10), the October Railroad (9), and the Transbaykal and Alma-Ata Railroads (7 each). Despite the fact that only one Ministry of Railways enterprise was on the list of unprofitable enterprises confirmed by the USSR Council of Ministers, 30 railroads and metros extended this list on their own. Economic operation that is this inefficient is undermining our economy and financial position and is turning labor collectives into "parasites" of the enterprises that are operating profitably.

On the threshold of the market, the Ministry of Railways has demanded that administrations and railroads take urgent and extraordinary steps. One of them is to eliminate and reorganize unprofitable subunits in accordance with the results obtained in 1990. The railroads were informed of this by a telegram from First Deputy Minister V. Ginko on 24 August.

Name	Total Losses, First 6 Months of 1990 (in Rubles)
Azerbaijan Railroad:	
Baladzhary Railcar Depot	207,000
Baku-Tovarnyy Station	184,000
Baladzhary Station	126,000
Sumgait Station	178,000
Shirvan Station	377,000
Nakhichevan Division	2,581,000
Ordubad PMS-260 [Track Machinery Station 260]	209,000
Baladzhary Locomotive Depot	724,000
Dzhulfa Locomotive Depot	381,000
Alma-Ata Railroad:	
Lugovskoy Rail Welding Train	120,000
Baykal-Amur Railroad:	
	8,771,000
Far Eastern Railroad:	
Aurskiy Tie Impregnation Plant	209,000
Transbaykal Railroad:	
Antipik PMS-54	189,000
Kuybyshev Railroad:	
Syzran ZhBK [Reinforced Concrete Structures] Plant	106,000

L'vov Railroad:	
L'vov ZhBK Plant	106,000
Moscow Railroad:	
Shchurovskiy ZhBK Plant	129,000
SMP-765 [Construction and Installation Train 765]	180,000
Odessa Railroad:	
Ushatovo Station	422,000
SMP-686	326,000
October Railroad:	
Onega Track Subdivision	153,000
Volga Railroad:	
SMP-386	123,000
Sverdlovsk Railroad:	
SMP-656	134,000
Konda Locomotive Depot	112,000
Tselina Railroad:	
Kustanay Track Subdivision No 22	305,000
Southern Railroad:	
Kharkov ZhBK Plant	106,000
South Urals Railroad:	
Chelyabinsk ZhBK Plant	271,000
Shadrinsk PMS-238	244,000
Vargashi Track Subdivision No 10	117,000
TsTVR [Rolling Stock Repair and Spare Parts Production Main Administration]:	
Andizhan Machinery Plant	210,000
Sovkhozes:	
Aktyubinsk, West Kazakhstan Railroad	268,000
Severnnyy, West Siberian Railroad	264,000
Pervomayets, Central Asian Railroad	200,000
Sabik, Sverdlovsk Railroad	180,000
Tselinograd, Tselina Railroad	95,000

Hazards on Trans-Siberian Rail Line Detailed

904H0293B Moscow GUDOK in Russian 2 Sep 90 p 2

[Article by GUDOK correspondent V. Kolobov: "Danger in Every Kilometer"]

[Text] Berdyaush—The Ural Mountains are picturesque in the Berdyaush region. A steel track winds its way among them and on their slopes. Downgrades, grades, sharp turns, zigzags, and the serpentine Satka River, full of rapids, where the trout still thrive. All around are the taiga forests, inhabited by moose. Cranberry bushes, mountain ashberries, and bird cherries are so close that you can grasp them with your hands. Foreign exchange

can be earned if tourists are taken here. But enough dreaming! Danger is hidden on the tracks here.

There is heavy train traffic in both directions, in 5-minute intervals, on the Berdyaush-Yedinover section of the the South Urals Railroad. The trains are followed by a trail of dust from the brake sand with the piercing sound of scraping on the turns. V. Chervyakov, the chief of the local track subdivision, track inspector A. Kurylev, and I are stepping over the ties between the tracks, periodically dodging the trains on the shoulder. Both the men accompanying me, as well as all the track brigades here who have appealed to GUDOK for help, are hostages of the trouble that is brewing.

You will probably not see track that is broken down as it is here, on the main route of the Transsib [Trans-Siberian Mainline], on even the most decrepit enterprise sidings, where derailments are a normal occurrence. Instead of ballast, only loose mud is left here after it rains. Half-rotten ties "dance" under the trains, forcing out the spikes. It makes your flesh crawl when you see what the rails have been turned into: there are no railheads!

It is incredible, but there are even more dangerous surprises ahead. The gauge template shows that the gauge has widened by 11 millimeters above allowable standards because of rail wear. On the opposite rail, the wheel of a railcar is held up by the very edge of the head. A little farther and the car will collapse inside the rails. I enter this frightful place in my notebook: kilometer 1881, the fourth mark.

Train traffic should be stopped without delay under such conditions. But the consequences of this step are known beforehand: they have had experience already. A great deal of noise will begin at all the command levels: "Open it immediately! PCh [track unit], take steps to correct the problem! Limit speed!" But it has already been limited—to 40 kilometers per hour. Only the trains travel at 60 there, otherwise they cannot make the grades, or else the cars will be uncoupled.

Meanwhile, V. Chervyakov, the chief of the track subdivision, had already brought to light a large amount of defective output. He is demanding that the track workers correct this. Although it is clear that they will not be able to do anything quickly and basically. There are not enough people or materials and there is not enough equipment. The subdivision received 400 ties for the year—this is for over 300 kilometers of track that are being maintained, and some 30 kilometers are in emergency condition! There are no rails. Although a month ago two bundles were delivered, but they are still at the base. They are not providing a locomotive to deliver them. But even if they give them a locomotive, the traffic workers will not set aside a "window." A vicious circle. Everything is subordinate to transportation. While there are no ChP [accidents] they must transport, and continue to transport...

The Zlatoustovsk PMS-173 [Track Machinery Station 173] carried out major repair here six years ago. They economized on everything. On the ballast (they barely changed anything, laying the grid in the mud and without any rail anchors). For the fastening they used old, broken bolts and spikes and did not install rubber or other soft washers in the ballast support. They did not make slopes for the water runoff. Because of this, the embankment went over a precipice at one place, taking the track with it.

And this is under difficult conditions in the mountains, where particular attention to the quality of the track is required. The railroad workers here are unable to keep the track up to standard. To make up for this, they exert an incredible amount of effort to alter the gauge of the rails continuously.

"That's enough, I cannot work under such conditions. I'm leaving the job!" says brigade leader V. Akhmadeyev, a track worker with 15 years of service.

The mood of the brigade, which is at half strength, is extremely pessimistic as well: it would be a good track if we also had a good wage.

But what is being paid for if there are over 1,500 points after the track-measuring car passes! Unearned money? But how is it earned? With a "sledgehammer" to disperse the gaps, with a crowbar, a shovel, or with a defective jack which is leaking oil when there is nothing to fill it up with? By working in twos, each one receives a pittance by current standards. How do we convince F. Giniyatov, a track repairman third class, that he can earn more than 180 rubles a month and feed his three children better? How do we keep Yu. Sorokin, a track repairman second class who was discharged from the army six months ago and wants to get some clothes and raise a family, when he receives 165 rubles per month?

Over the past five years, 17 brigade leaders, as well as four of the 11 foremen, have left the subdivision for other sectors.

V. Chervyakov, the chief of the subdivision, is a young man, a restless engineer, but what is the use of his efforts if there is complete indifference to the track workers at all levels of management, no matter where you look?

On the other hand, the administration of the Zlatoustovsk Division has organized games under the "nipple" system, as the wits call it. This is a system of fines: a rail has not been removed then there is a tie, and old fasteners have been left there. It goes without saying that everything unnecessary must be taken away from the tracks and the negligent persons deprived of rubles. But if there is a penalty, everyone must be fined.

The last hope of saving the situation without bringing trouble is by providing for major repair of the track as quickly as possible. It was planned on the Berdyaush-Yedinover section, but the work has been delayed all summer because the minister has told them to wait until

the summer passenger traffic ends. But the grain shipments have come in time here, too. So when? In the Urals, there are already light frosts in September, but the track cannot be left this way. Maintaining it in cold weather will be very difficult.

We can complain as much as we want about the first builders of this section of the Transsib, the ones who laid this track, which is picturesque but very dangerous for operation today. But how could they foresee such a traffic flow, such heavy trains and immense axle loads? And what about the switches installed on the sharp curves which are predominant here?

This is a delayed-action charge. A month does not go by that cars are not knocked onto the shoulder at one switch or another. Most of the switches, in accordance with the PTE [technical operation rules], should be closed and the Berdyaush junction shut down. But who will go to the extent of shutting down the mines, the machine building plants, the Satka "Magnezit" Combine here? So hold out until the last minute, track workers. When the traffic stops altogether, then we will help. That is the logic.

A GAI [State Motor Vehicle Inspectorate] inspector who stopped our "uazik" [motor vehicle made by Ulyanovsk plant] for going a little too fast, did not give us the chance to say anything, blurting out: "Railcars have tipped over again, of course, and you are in a hurry. This happens every day with you."

This is the public's opinion. As if the railroad workers are working to see that the cars are "tipped over." The Berdyaush Subdivision has to change a minimum of 100 units and switches each year, but the entire track service of the South Urals Railroad has been allocated 60 for the year. They tell the track workers: "Get out of the situation yourselves."

But how do they get out of it? Hence the bitter irony: "Either stand or lie down." In order not to "stand" and not to "lie down," the track workers are contriving with old switches, taking them from the sidings. They are proving to be better than new ones, by the way: the metal is stronger. They disassemble, cut, put together, and replace the switch ties in shorter supply with ties that are less scarce.

But what does the subdivision chief think about this?

"It is better to stand a little while than to lie down for a long time," says V. Chervyakov. "The capabilities of the track superstructure system have already been exhausted. It cannot handle the axle loads, and this can end up in huge financial losses."

August Rail Performance Figures Posted

904H0294A Moscow GUDOK in Russian 7 Sep 90 p 1

[Ministry of Railways Statistics Administration figures on August Rail Performance: "The Debt Is Being Reduced"]

[Text] The sector's employees fulfilled the overall shipment plan by 101 percent in August. So the indebtedness incurred in the January-July period was reduced by 3.3 million tons. At the same time, by overfulfilling the target for locally planned goods by 4.8 percent, railway workers failed to cope with the state order. It was underfulfilled by 2.5 million tons, or by 1.3 percent.

Out of 14 items on the state order's products list, the above-plan shipments of coke, oil and petroleum products, paper, grain and remilled products, and mixed fodder amounted to 4.4 million tons altogether. Compared with August last year, the volume of shipments was reduced by 9.6 million tons, or 2.9 percent, including 5.3 million tons, or 2.6 percent, for goods in the state order.

Since the beginning of the year, the overall shipment of goods has lagged behind by nearly 10 million tons; shipments in the state order have lagged behind by 31.8 million tons. This includes a debt of 12 million tons of hard coal, 9 million tons of chemical and mineral fertilizers, 6.6 million tons of ore, 8.7 million tons of timber, 3.8 million tons of ferrous metals, 2 million tons of cement, and 2.5 million tons of fluxes.

At the same time, more than 11 million tons of grain products and mixed fodder, 1.3 million tons of oil and petroleum products, more than 800,000 tons of coke, and 200,000 tons of paper above the plan were transported.

Sixteen of the locally planned consignments, or 57.1 percent, were shipped. Nearly 40 million tons of building materials and 48,000 railcars of other goods were transported above the plan.

Fourteen of the railroads coped with the 8-month shipment plan. The Belorussian, Krasnoyarsk, North Caucasus, and Lvov Railroads made the largest contribution to the sector's results. At the same time, the debt of the Azerbaijan Railroad comes to more than a month of its work; the Far Eastern Railroad is in debt for half a month, the Kemerovo Railroad is in debt for 6.6 days, and the Donetsk Railroad for 6.8 days.

No improvements in the use of rolling stock have been noted yet. Railcar turnaround has been slowed down by 2.6 hours. Train weight has dropped by 35 tons. The targets set for these indicators have not been fulfilled.

All this could not help but be reflected in the sector's economic condition. Although labor productivity was increased by 0.3 percent against the plan compared with the same period last year, it declined by 4.3 percent. The production cost of transport was 2.9 percent higher than the plan. Above-plan profit for the sector as a whole amounted to 220 million rubles.

Railway Security Chief on Crimes Against Railroad*904H0294B Moscow IZVESTIYA in Russian 23 Aug 90 Morning Edition p 2*

[Interview with M. S. Belan, chief of the Ministry of Railways Armed Security Administration, by I. Andreyev: "The Ministry of Railways Armed Security Administration Is Being Strengthened"]

[Text] The minister of railways has issued an order to develop and define more specifically the provision in the recent USSR Council of Ministers decree on reinforcement of the Ministry of Railways Armed Security Administration. There are grounds for concern about the security of shipments, to put it mildly. Here are the facts: according to the USSR Ministry of Internal Affairs, there were 21,217 thefts from all means of transportation in the first 6 months of this year, which is 84 percent higher than this indicator for the same period in 1989. And this is does not take petty theft into account...

M. Belan, the chief of the Armed Security Administration, comments on this report at IZVESTIYA's request.

[Belan] First of all, the Ministry of Railways, together with the Ministry of Internal Affairs and the Ministry of Defense, will have to prepare a list of the freight which our service is obliged to protect and submit it for approval to the country's Council of Ministers.

Specialized armed security subunits will be set up at the major rail junctions. Their task will be preventive and operational in nature. Together with militia details, our people will begin accompanying the freight consists by motor vehicle. We are resorting to this effective measure even now, but we do not have enough "niv" [presumably, a type of vehicle] and "UAZ" [motor vehicles made by Ulyanovsk plant] to travel over roads that are often in poor condition. Only 40 percent of our requirements for such vehicles have been met thus far. We need 500 to 550 vehicles. Through the Council of Ministers decree, we hope to bring our fleet up to full strength.

Together with the Ministry of Internal Affairs and a number of other ministries, we will have to develop and put into practice security signaling systems for reliable blocking of railcars and containers with valuable freight. The Ministry of Heavy Machine Building is to bring the number of boxcars and tank cars with crossover platforms—work stations for our people, so to speak—up to 10 percent of the entire fleet of freight cars in the Ministry of Railways.

It is extremely important that the Council of Ministers decree and the Ministry of Railways order will enable us to retain the personnel now in our service and to attract new people. Beginning with employees with 2 years of continuous service, all employees will receive a wage increase of 5 to 25 percent. Additional payment for category is being introduced. Without exception, all security personnel will now be able to count on so-called ration money—24 rubles every month.

The ministry has acquired the right to independently determine the standards for issuing uniforms and work clothing. I hope that there will be more common sense in this matter than there is now. Today, a sheepskin jacket is issued for 5 years in both polar Vorkuta and Moscow, for example. The new standards will also take into account the type of climate and the nature of the work of each armed security employee.

[Andreyev] Is there anything new in the weapons for your personnel or in the rules regulating the use of weapons?

[Belan] Although the Council of Ministers decree extends our rights in this area (and toughens our responsibility, I will add), the legal basis continues to be the USSR Supreme Soviet Presidium Decree of 19 June 1984.

As far as our arms are concerned, no particular changes are foreseen. Our arsenals consist basically of revolvers, TT and Makarov pistols, carbines from 1938 and other weapons. This year the last of the PPSH automatic weapons were issued.

Trade Union Chairman Interviewed on Draft Rail Transport Law*904H0294C Moscow TRUD in Russian 6 Sep 90 p 2*

[Interview with I. A. Shinkevich, chairman of the Rail Transport and Transport Construction Workers Trade Union Central Committee, by TRUD correspondent D. Grafov: "The Long Track Spreads Out..."]

[Text] One look at a map of the Soviet Union is enough to realize that our state continues to be a railway superpower at the end of the 20th century. High priority has been given to the development of this form of transportation throughout our entire history. And it may be said without exaggeration even now that our entire economy is supported by the railroads. More than two-thirds of all freight is carried by rail. And even minor interruptions in the transport mechanism, which is operating at the limit of its capabilities, threaten to disrupt the normal routine of entire regions.

The draft Law of the USSR "On railroad transport" was published recently. Our correspondent asked I. A. Shinkevich, chairman of the Rail Transport and Transport Construction Workers Trade Union Central Committee, to comment on this.

[Grafov] Ivan Artemovich, I have the impression after familiarizing myself with the draft law that it is aimed at maintaining the "status quo" of the Ministry of Railways as the largest transport monopolist with the coming changes in the economy and the system within the country.

[Shinkevich] No, I do not believe that is true at all. The country has a transport system. One of its elements is rail transport. It is not a monopolist by any means. More than half of all passengers are carried by motor vehicles

and aircraft. Railroads transport about one-third. River, maritime, and motor vehicle transport and pipelines are responsible for a considerable amount of the freight turnover. But at the same time, the draft law is completely justified in defining the role and place of rail transport in the country's economy as the basis of the transport system.

I think that it is entirely natural that the draft also stresses the need for its priority development as a basic sector in the economy. I will also say that the railroads are under state ownership and operated centrally in most countries, which increases their operating efficiency. For this reason, I doubt whether there has been any benefit from dividing all our railroads into fragments.

[Grafov] The basic task of trade unions is to protect the workers' interests. If these workers express interest in privatization of the means of production, like workers in other sectors, what position will your trade union take?

[Shinkevich] Article 4 of the draft states that the sale, exchange, and leasing of fixed capital will be conducted by railroad transport enterprises in the procedure established by the USSR Council of Ministers. That is, there is no specific definition.

We cannot allow the basic activity of individual enterprises—locomotive or railcar depots, stations, and other facilities—to become unprofitable. This kind of situation paralyzes the railroads' operation. No prohibitive measures—"Do what you are ordered to do!"—are justified.

In my view, a system of economic relationships, both internal and external, should be developed to stimulate the operation of railroad enterprises in accordance with their direct purpose under market conditions. And the matter of transport tariffs is very important here.

There are two alternatives in the draft law. Under the first one, the rates for carrying passengers, freight, baggage and mail are set by the USSR Council of Ministers. In this case, the government should approve them by taking into account the economically justified expenses and changes in the costs of electric power, fuel, materials, locomotives, railcars, and other items used by the railroads. At the same time, the rates should provide for the formation of economic incentive funds needed to develop the material-technical and social base of the railroads and for a normal wage level.

Under the second alternative, the tariffs for all transport, except for passenger transport, are determined by the railroads in accordance with the situation in the market with respect to the costs of items consumed and other expenses. The trade union supports the second alternative. It supports the right to set the tariffs ourselves under market conditions, in accordance with the costs of fuel, the rolling stock, manpower, and so forth. They say that railroad workers are monopolists and will be making excessive profits. But there is no absolute monopoly, first of all. There will be competition with other means of

transportation. Secondly, both antimonopoly legislation and tax policy may be utilized.

The first alternative does not suit us because the state has very conscientiously kept its eye on the tariffs thus far, maintaining them at a low level which does not cover the expenses for developing the railroads' material and technical base and social programs, and the subsidies from the budget are inadequate. The state is not carrying out its commitments to railroad workers satisfactorily, and the current condition of the railroads attests to this. The transport volume is continuously rising without sufficient capital investments. And this is being handled not with technological and technical measures, but by unchecked intensification in the use of transport facilities (simply until they are worn out) and the railroad workers themselves.

One-third of all rails on the lines have completed their service lives and there is a critical shortage of freight and passenger cars. Traffic safety has to be neglected in order to provide transportation in certain cases. The extent to which labor has been mechanized remains at the level of the last century, but transport volume, I repeat, keeps growing and growing.

[Grafov] But why must the volume necessarily increase? What about just the opposite? I am always amazed when one freight train with tank cars, logs, coal, and crushed rock passes by on one side of the platform and another one exactly the same passes by in the opposite direction...

[Shinkevich] You are right—centralized planning, with all its negative consequences, still exists on the railroads. But on the other hand, shippers have had very favorable terms. Transport rates are now extraordinarily low, and clients are not particularly interested in reducing transport costs for this reason. As a result, a great deal has not been considered sufficiently in specialization and cooperation, both within the sectors and between them. There are a great many repeated trips and shipments coming in the opposite direction. The shippers' orders, which are accepted without critical analysis, are the original basis for planning. In addition to this, the financial well-being of the Ministry of Railways depends on transport volume, but the situation cannot be rectified by appeals and slogans. I also want to mention the preparation of shipments. For example we are transporting a great deal of raw coal and crude ores for long distances, that is, we are carrying many millions of tons of barren rock. The situation is similar with unprocessed timber. You are right, we have something to ponder here.

[Grafov] But let us return to privatization, especially as the railroads were in joint-stock company ownership before the revolution and they were not operating any worse than they are now.

[Shinkevich] In principle, all forms of ownership are possible in railroad transport—from state ownership to joint-stock company ownership. And if someone has the desire to become involved in this, there probably should

not be any obstacles. It would be a mistake to insist on state ownership. It is possible that joint-stock companies may be set up in some regions in order to build new sections of track, high-speed mainlines, and to maintain them. Again, this will bring healthy competition.

[Grafov] The railroads pass through many republics. Meanwhile, the draft law assigns an "imperative" for the Ministry of Railways: republic and local authorities have no right to interfere in its activity, Russian is the working language, and so forth. But after all, most labor collectives are made up of local residents. How does the trade union intend to champion their interests?

[Shinkevich] It is very hard to talk about this until there is a nationwide contract. Until now we have started from the concept of a united USSR and the absence of any barriers. But now, when new approaches are being developed to shape the USSR, it is difficult to resolve the transport problem as well. Of course, the country's economy has been interwoven and linked together, and a unified railroad system and a unified policy would contribute to the best use of rail transport for this reason.

Naturally, language problems arise in a unified system as well. Though the statistics indicate that most persons employed on the railroads speak Russian. Language assumes a great deal of importance in transport. First of all, this is related to traffic safety. I think that a unified rail system should have a single language for contact and communications, just as aviators and mariners throughout the world use English as the international language, for example. And it does not occur to anyone that this is an infringement of someone's national interests.

[Grafov] In my view, the Ministry of Railways has assigned a very modest role to the trade union in the draft law. How will relationships between the administration and the trade unions be shaped at all levels?

[Shinkevich] There is an article in the draft law which relates directly to this. It mentions labor and discipline on the railroad. The first version of this article reinforces the regulations on discipline for railroad transport employees. In the second version there are no regulations, but a new provision on discipline was introduced. Essentially they are one and the same. In principle, we have advocated abolition of the regulations on discipline, since we believe that all workers in our country should be subject to common legislation on labor. Our basic proposal has not been taken into account yet. The only thing they wrote at our insistence was that railroad transport employees have the right to ask the court to protect their labor interests.

The active infringement of trade unions' rights is very apparent in this draft, as in many other legislative documents, in my view. Discussion of the draft law on the rights of trade unions is not included in the agenda for the USSR Supreme Soviet session. This is very

disturbing. We are planning to look into the situation that has taken shape at the trade union's sectorial congress.

No one, including our organization, can claim the monopolistic right to represent the workers' interests. It can be earned and retained only by increasing the effectiveness of our work to meet the interests of those whom the trade union represents. It is necessary first of all to look for new approaches and to discontinue the functions that are not natural for us. The basis of our work should include tariff negotiations and the conclusion of collective contracts and agreements between the trade union and the employer. All matters should be reflected here: wages, work conditions, compensations, benefits, and so forth. Collective contracts had a very minor role under the conditions of excessive centralization. I hope when the ministry and the railroads have more rights and opportunities, these questions will be resolved much more easily.

[Grafov] I have the impression that the draft law is quite "raw" and needs further work.

[Shinkevich] Yes, we feel that further work must be done on it. It is necessary to define more specifically and eliminate numerous references. After all, you will not see an article such as this anywhere: "in the procedure established by the USSR Council of Ministers." What kind of procedure is this? Why can't everything be defined in the law so that it can be put to use right away?

May Rail Safety Statistics Issued

904H0245A Moscow GUDOK in Russian 30 Jun 90 p 2

[Statistics provided by the Ministry of Railways Traffic Safety Main Administration: "Traffic Safety in May"]

[Text] The traffic safety situation deteriorated sharply compared with May of last year. There were seven wrecks, four of which involved passenger trains (there were three wrecks in May 1989).

In the Poltava Division of the Southern Railroad, 11 cars of passenger train No 222 from Lvov to Voroshilovgrad were derailed as the result of a shock absorber unit from a mail car falling on the tracks. One person was killed and 20 were injured. The last time the car that lost its shock absorber was repaired was at the Chernovtsy depot, and a technical inspection was made at the Lvov-Passazhirskiy depot. But no one noticed, either at these enterprises or when the car was inspected before it was put into a passenger train that the linkage of the shock absorber unit had become loose.

Parts from rolling stock falling on the tracks is one of the most common causes of wrecks and accidents. In the Karaganda Division of the Tselina Railroad, passenger train No 209 from Dzhezkazgan to Petropavlovsk hit a gondola door that had fallen on the tracks. This led to the derailment of a diesel locomotive and 10 cars.

The investigation showed that this was not a coincidence, but rather a natural consequence; after all, not one, but all the end doors of the last gondola were in poor repair. Two were lying on the floor, one was attached to two hinges, and the one that fell was fastened only to the center hinge, which had a track spike instead of a roller. The lower latch for the door was not working.

The defective car came from the Alma-Ata Railroad as an empty. On the way it was "inspected" by railcar workers on the Tselina Railroad at the Mointy, Agadyr, Zharyk, and Zhana-Arka stations. Everywhere they authorized further travel for the faulty gondola. Only at the Ktay station was the car acknowledged to be unacceptable for loading ore. But even here the railcar workers did not correct the defect; they wrote out the VU-26 covering documents for this and 13 more cars in poor repair. They coupled them to a loaded consist and gave the "OK" for them to continue to the depot at the Karabas station for repair. The door fell on the tracks after 90 kilometers.

This happened at night, and the engineer of the passenger train behind, Comrade Sarkisyan, saw the door on the tracks only 100 meters ahead. He applied emergency braking. The train dragged the door 300 meters along the rails, after which the locomotive and 10 cars with passengers were derailed. Five persons were wounded. This was the price of being irresponsible in preparing the rolling stock for a trip.

As before, safety in the lines administrations was poor. One wreck and two accidents were caused by their workers in May. The cause of all three accidents involving passenger trains was the same—the tracks were knocked out. The impression is created that summer has once again caught the track workers by surprise. And it is surprising that they did not expect this on the Central Asian Railroad.

In The Bukhara Division, for example, eight cars in a mail and baggage train were derailed. The cause was a lateral shift of the track under the train when the temperature was 30 degrees above. The fact that the track was poorly maintained contributed to the shift. The kilometer where the derailment took place had an unsatisfactory rating.

A track which was knocked out when the temperature was 35 degrees above was the cause of a suburban train accident on the open line between Rakhimova and Urtaaul on the same railroad. In violation of the TsP-2913 instructions "On current maintenance of tracks" and "Technical directions for laying and maintaining continuous welded track," they laid 15 wooden ties between the reinforced concrete ones and three of the latter were removed. After the track measuring railcar discovered a variation in the level, the line foreman began straightening work when the temperature was high. As a result, they left the end faces of the ties bare and the ballast edge loose, which led to the loosened track and then to a lateral shift of the track framework.

In the Rovno Division of the Lvov Railroad, three passenger cars were derailed on 22 May because a linking track had been knocked out. This was caused by failure to secure the track from creeping, gaps in the joints, and numerous sags and warps.

Obviously, someone is forgetting about the need to relieve the tensions in continuous welded track seasonally and to carefully watch what happens to the linking track when the temperatures change.

Traffic safety has been unsatisfactory in transport administrations. There were twice as many cases of uncoupled runaway rolling stock. They were "notable" for this on the Donetsk, West Kazakhstan, Central Asian, Sverdlovsk, Kemerovo, and Far Eastern Railroads.

There were more than 2,400 cases of defects in train and switching work in May. These were basically collisions and derailments of rolling stock during switching, damage to locomotives, and uncoupling of cars from freight trains because of technical malfunctions.

Rail Institutes Reserve Officer Training Program Examined

904H0245B Moscow GUDOK in Russian 30 Jun 90 p 3

[Article by Colonel A. Belozarov, chief of the Military Department, NIIZhT [Railroad Transport Scientific Research Institute]

[Text] Novosibirsk—Critical statements on the advisability of training reserve officers in the country's VUZes systematically appear in the press and on radio and television. The fact that this advisability is put in question is cause for concern and surprise. On the whole, there is a disdainful attitude by authors with respect to an important state task. At the same time, a number of problems which arise because the military and civilian specialties fail to coincide at certain VUZes are automatically and indiscriminately shifted to all the military departments on an All-Union scale.

I am deeply and firmly convinced that instruction of students in a reserve officers program is extremely necessary for the railroad VUZes. I became convinced of this as a railroad worker by tradition; I worked in a line subdivision before entering the institute, completed the NIIZhT and Military Department of this institute, and during my service in the railroad troops I took part in building many new railroad routes and in developing stations and electrifying a number of railroad sections.

I have often had occasion to apply the knowledge acquired in the Military Department in rebuilding facilities by stages, in overcoming obstacles, in coping with different natural phenomena under extreme conditions, and in putting an end to wrecks and accidents. I can state unequivocally that all construction and installation, repair and operations, and construction and renovation subunits and planning organizations of the Ministry of

Railways and the MTS [Ministry of Transport Construction] are performing most of the same tasks that are assigned to the railroad troops. And it is the military departments which provide specific basic knowledge, skills, and experience to carry out these tasks.

The experience in dealing with the consequences of the explosions at the Arzamas and Sverdlovsk stations, the accident at the Chernobyl AES, and the earthquakes in Armenia obviously convince us again and again that specialists in the Ministry of Railways and the Ministry of Transport Construction need the knowledge and skills acquired in the reserve officers program. The need for increased requirements for good organization, order, and discipline in railroad transport is also a good reason to have military departments in transport VUZes. There is no question that the graduates of railroad institutes who have gone through the military department program are more competent specialists for the Ministry of Railways and the Ministry of Transport Construction.

Obviously the same thing may be said of the VUZes in sectors of the national economy such as motor transport, the maritime and river fleet, civil aviation, communications, public health, and so forth.

I would like to ask those who oppose the training of reserve officers in VUZes: what shall we do with the people who have a higher education in wartime? The state now makes provision for them to be used in positions as officers. So perhaps we should let them perform the functions of privates and sergeants?!

At the same time, the state will have to conduct additional training (up to age 50) with enlisted and noncommissioned officers later on, and when necessary, 3- or 4-month training periods in accordance with the reserve officers program. Perhaps the United States and its allies have given up their very orderly and effective system of training reserve personnel for the armed forces? Or have we suddenly become so rich and conscientious that we can do everything, based only on the wishes and voluntariness of our society?

The answers to these questions obviously suggest themselves to most people. Then where is the logic?

Even today there is a negative attitude toward military training in a student environment, primarily among those who have had compulsory service. There are many reasons for this. We must take into account the imperfection of our Law on Universal Military Obligation and other legal documents in this matter; the dissatisfaction among youth because our armed forces are being turned more and more into "worker-peasant" forces; the fact that VUZ graduates with the rank of reserve officer "stand on the same rung" as a graduate among enlisted and noncommissioned officer personnel; the fact that almost up to this day, a student who goes through a military training program with a greater training workload has had no privileges, and so forth.

Unfortunately, all these problems are being resolved very slowly, as before. We expected that the new "Statute on military training for students..." and the "Statute on military departments in educational institutions" would come out in the first half of 1989, but we still do not have them today. The conference held by the USSR Ministry of Defense and the USSR State Committee on Public Education in Moscow last January turned out to be ineffective as well.

It has long been necessary for our ministers of railways and transport construction to state that a transport VUZ graduate who is a reserve officer and that a graduate who is an enlisted man or noncommissioned officer are on two different levels in their preparation as specialists.

As the ones who order the personnel, the Ministry of Railways and the Ministry of Transport Construction must state their opinion in the mass media and directive documents on the advisability of military training for the sectors' specialists. When VUZ graduates are given the rank of reserve officer, they must be assigned to supervisory duties with appropriate benefits as more competent specialists. These graduates should be given the right to select places of assignment first.

Students who go through the military training program should be paid for their additional educational workload to master a second profession. And we should begin solving the problem of increasing the stipend for students precisely with this additional payment.

Graduates of VUZes where there are no military departments or which have not been recommended for conferring the rank of reserve officer in the railroad troops should be called up for 1 year and retain the rights of a young specialist.

Military departments should be given the right to dismiss students from further continuation of the military training program after the first year of studies for practical or moral reasons, while they may continue study in the VUZ. Gifted youths should be allowed to go through the program for separate disciplines in accordance with individual plans.

In order to rule out the possibility of certain special disciplines in military departments passing ahead in comparison with related civilian departments, it is advisable to return to the practice of holding the graduation examination after the ninth semester before the diploma is awarded; training periods in the troops should end after the eighth semester with examinations in the basic disciplines.

At the same time, it is necessary to improve the preparation of VUZ graduates who are not enrolled in the reserve officer program for actions in extreme and difficult situations in peacetime and under special conditions, making use of the GO [civil defense] course for this purpose, and to introduce a separate special course of 70 to 90 hours in addition. These studies can be organized on military training days.

I think that implementation of these suggestions will make it possible to graduate more competent railroad transport and transport construction specialists, to significantly increase the quality of reserve officer training, and to remove the social tension in VUZes associated with the training of reserve officers.

Railway Accident Causes Examined

904H0225A Moscow GUDOK in Russian
12 Jun 90 pp 2-3

[Article by Yu. Fayershteyn: "And Inexcusable for a Cart...]

[Text] This is a terrible scene to visualize: the roof of a boxcar on a train traveling at full speed is torn off and falls with a crash under the wheels of an oncoming locomotive with a consist. Or this—the side of a flatcar or the door of a boxcar flies off a speeding train as if from a giant slingshot...

These situations are not contrived, they are a reality. Situations such as this have occurred six times in the system this year, including four times on the Alma-Ata Railroad—on the brink of a crash.

On 21 March, an end door, which was tied to a corner support with common wire instead of hanging on hinges, fell off an empty gondola on the open line between the stations of Yurgamysh and Zyryanka on the South Urals Railroad. If it is taken into account that one door weighs about 100 kilograms, we need not mention the reliability of fastening it with wire.

In 4 months this year, 17 doors have fallen off gondolas, each one with the potential for a wreck.

These examples are not all the ones in the series of "railroad horrors." In 1990, freight cars in consists "dropped" seven flatcar sides, five doors, about 70 parts from brake equipment under cars, dozens of automatic couplings and other items (spare reservoirs for pneumatic brakes, gondola hatches, and so forth) under their own wheels.

A boxcar roof falling on the track while a train is in motion is an unusual occurrence. But incidents in which different parts, including the sides of flatcars and the doors of boxcars or gondolas, fall under the wheels of the same train have become so common that these defects have had to be incorporated in the daily train traffic safety reports.

The question might arise for an uninformed person: but how often does this happen?

In just 4 months this year, there were more than 120 separate cases of defects involving the disruption of train traffic because of the "loss" of railcar parts in the system. Probably only a scientific research institute can assess the extent of physical losses caused by this. The trend of an increasing number of cases of defective items stands out clearly: 218 in 1984, but 374 in 1989, that is, 71

percent more. Something like this takes place practically every day in the railroad system as a portent of big trouble.

Whether there is a wreck or an accident in this situation is a matter of luck. This January, for example, there was a wreck on the Azerbaijan Railroad because a brake beam fell under the wheels. But everything happened because the chronic cracks were not noticed during maintenance. There was a wreck on the Tselina Railroad in February when the aligning beam of an automatic coupling fell under the wheels.

Incidentally, the brake beam is one of the main parts in a railcar's brake equipment, and its direct purpose is to ensure train traffic safety. It is a paradox that it is precisely the brake beam or its parts which turn up under a car's wheels most often. At the same time, a brake shoe support—a part in the same family—may fall off, resulting in scrap. Nearly 43 percent of all cases are attributable to them.

Investigation of the cause of defective items does not require much time, as a rule, because there is one basic reason—criminal sloppiness. Someone at a railcar repair plant, in violation of elementary industrial requirements, spot welded the edge of a roof only at a few points when it was installed, forgetting to put in the fastening bolts afterward. Again in spite of basic rules, someone sent out a train with cargo doors that were not closed, and a gust of wind hit the train when it was traveling at about 70 kilometers per hour, making the violations committed even worse.

You cannot blame the wind for what happened... But it is not known what kind of punishment was given to the sloppy individuals who caused the accident. But so that all the losses incurred by the railroad from this defective work are covered or so that the entire system knows about this, the guilty persons should pay in full from their own pocket.

And we did not have to rack our brains for long in the case of the flatcars. Again someone did not inspect the flatcar after unloading as prescribed; the construction of the flatcars is so simple, it seems, that one can only deliberately fail to notice that the rollers of the side hinges are missing. The inspectors at transit stations, who know full well where this defect can lead, did not get around to giving this attention, either.

And why shouldn't parts fall off when repairmen have started using any parts at hand on the cars instead of the standard parts. For example, a brake shoe tied to the support with a piece of common wire was discovered on the truck of boxcar No 24113581 literally on the eve of processing by inspectors and repairmen of the railcar technical maintenance point at the station of Petropavlovsk on the South Urals Railroad. I would like to look in the eyes of the person who did this and find out that he was thinking about the consequences. And at the same time, what kind of punishment he received.

According to statistics, most often it is empty cars, roughly 55 percent of the total number, that "lose" their parts. This is understandable—the loaded cars are thoroughly inspected at the preparation points, and if necessary, they are repaired.

The automatic coupling holds second place in the frequency of parts falling on the track—21.3 percent. And it is not the structural shortcomings or intensive working conditions that primarily have an effect here (although this unquestionably must be taken into account), but the same sloppiness by maintenance personnel, especially when the cars are repaired. It is well known that the automatic coupling is connected to the railcar body by a small but important part—a coupler key which is fastened in place by two bolts. Whether or not the automatic coupling falls off on the roadbed also depends on these bolts. Unfortunately, they are precisely the parts that are given insufficient attention in operations.

The South Urals Railroad stands out conspicuously for the number of particular cases of defects in train work caused by parts falling on the tracks in the past 5 years. It is responsible for nearly one-fourth of the total number of such cases, and the trend toward an increase is clearly defined: it was 13.7 percent in 1984 and 37.18 percent in 1989. Only the Gorkiy, Kuybyshev, Sverdlovsk, and West Siberian Railroads are comparable in this respect.

As a rule, brake system parts fall off a freight car because the cotter pins fail and the rollers from many articulated couplings fall out. Inspection has shown that cotter pins are reused many times at individual depots, and substitutes are often used—pieces of wire, nails, nonstandard homemade pins, and pins of the wrong size. This attests not only to the irresponsible attitude of individual repairmen toward their assigned duties but the poor technical knowledge of the commanders who are directly responsible for the quality of work.

It is common knowledge that the pin should be hammered tightly into the opening, have no free play, and serve until the first disassembly. Even if it is in excellent condition to all outward appearances, it is not permitted to be installed again. The supply services should not overlook the pin's short life, either.

Of course, it would be simply ridiculous to blame everything on a cotter pin. The low level of discipline shown by railcar service workers on some railroads in performing their work is depressing; they have been called upon to wage an uncompromising struggle for train traffic safety in the performance of their official duty.

In 1990 the Railcars Main Administration instituted a special followup of all cases of defects in train work associated with the losses of railcar parts from trains under way, which have increased at an alarming rate over the past 5 years.

For a technical analysis of the cases of "lost" railcar parts, the Railcars Main Administration has introduced a temporary form for a written report on each case. This form contains certain key points whose classification by the program needed makes it possible not only to evaluate the frequency of one failure or another, but its causes as well. Timeliness in submitting these data should not raise any doubts for anyone. Nevertheless, almost every chief of a service expects to be either reminded or prodded.

In this regard, it seems advisable to revise the entire system for collecting and transmitting information on cases of defects from the railroads to the Ministry of Railways. As soon as employees of the Railroad Safety Institute acquire a computer, this system should proceed from a base document with key points whose analysis would enable us to place a "check mark" in one column or another and to answer the main questions of where fateful blunders in the work occur most often and what their specific cause is. This system for current analysis of the situation on a route will make it possible to take drastic preventive measures without delay.

The struggle for traffic safety should also provide for certain training for technical personnel. It would not be a luxury in our time to equip railcar depots with video recorders so that clips devoted to the traffic safety problem could be shown in a room for technical training or labor safety techniques for the shifts coming on duty. These video films could be organized centrally with the participation of the TsNIITEI [Railroad Transport Information, Economic Technical Research and Propaganda Central Scientific Research Institute].

And finally. For unknown reasons, the "Transport" Publishing House has discontinued the printing not only of colorful posters, but popular literature, on new types of railcars. Not scientific treatises, but popular, pocket-size books illustrated and describing the design of one type of railcar or another in an understandable way and providing details of its operation and repair.

The struggle against railcar parts falling on the tracks must be conducted not only in the ministry, but on the railroads first of all, and in the work places firsthand. Even the peasant's cart with the wheel that was constantly falling off has gotten rid of this defect, but safety itself has ordered this for railroad transport.

Postscript: When this material was being prepared for publication, a report was received of a passenger train wreck on the Tselina Railroad (GUDOK, 24 May 1990). We will remind you that part of a door which had fallen off a gondola in a freight train caused this disaster. As we see, life is outstripping the statistics, throwing up more and more new examples of "railroad horrors."

Locomotive Production Goofs Detailed

904H0237A Moscow GUDOK in Russian 21 Jun 90 p 2

[Article by Ye. Khrakovskiy: "The Grimaces of Monopolism"]

[Text] Over a hundred units of 2TE116 diesel locomotives have been standing idle behind fences, not for days, but years, at a cost of over 30 million rubles, since plants of the Mintyazhmash [Ministry of Heavy Machine Building] have been disrupting the delivery and major repair of the diesels.

Respect for a firm's brand. Oh, how highly they value it in other countries! They try to please the customer, especially a large one, to fulfill all his reasonable demands. If goods of inferior quality have been turned out and a word has not been kept, respect for the brand is lost. And no advertisement will help. Consider it, you can kiss profit good-bye, and if a scandal flares up and they print it in the newspapers, you can be bankrupt.

Specialists in the Locomotives Main Administration told me this story. Several years ago there was a tiny item in IZVESTIYA about 10 diesel trains that Japan had sent to Sakhalin for operation. A number of malfunctions came to light and representatives of the Japanese firm hurried right away to the USSR and extended the guarantee for the entire improvement period. They actually sent assemblies and parts without charge for 3 years until the diesels performed reliably under Sakhalin's severe conditions. This is how they value their brand and their customer in other countries, and bend over backwards, as they say, so that clients continue to purchase items from just this firm.

But here a plant, and even the ministry to which it is subordinate, essentially do not care at all about customers. They have turned out machines and done something during the brief guarantee period to correct malfunctions, but they have not cared at all about anything else. They know that when a producer has an absolute monopoly and there is a critical shortage of a product, it will be purchased anyway.

A situation such as this developed with the unfortunately famous D49 diesel, which is installed in the 2TE116 locomotives. The history of this is long and quite complicated. For many years, specialists debated whether to give preference to this diesel, developed in Kolomna, or to the one developed by the Kharkov Plant imeni Malyshev. The Kolomna plant won. Why? This is the story.

Over 30 years ago they began developing a four-cycle diesel engine. It was to replace the locomotives' two-cycle engines, which they considered to be more unpredictable in operation and less economical. The specifications for a locomotive with this diesel were approved in 1971, and 17 years later the 2TE116 locomotive was accepted for series production. According to calculations by A. Kabakov, chief of the New Diesel Locomotives Department of the Ministry of Railways TsT, 60 million rubles were spent to correct defects and failures on the

new diesels. But if we add up all the losses from the locomotives' downtimes, the expenses for amortization, and so forth, the state's losses amount to roughly a half billion rubles.

The 2TE116 locomotives have now been improved basically, we can say. Of course, there are malfunctions in operation, but no basic problems with the engine. Much better conditions have been created for the locomotive's brigades, it is more convenient for them to drive, there is less noise, it is ecologically cleaner, and the drives for auxiliary machinery are more reliable. Owing to the diesel's improved operating process, it is not necessary to clean the cylinder ports in every TO3 [third maintenance]. This is dirty, unskilled work, and it is more and more difficult to find volunteers to do it.

But the expectation of higher economy has not been justified, in the opinion of the Ministry of Railways' lead specialists, A. Kabakov, B. Shvaynshteyn, and A. Shutskiy. The locomotive's fuel consumption is roughly the same as that of the 2TE10u locomotives with an improved two-cycle engine. But then, the difference in the diesel's cost was over 30,000 rubles. And the labor-intensiveness for its major overhaul is much greater, not to mention the complexity of the operations. It requires expensive, modern equipment and highly skilled personnel. Generally speaking, they feel in the ministry that they have not acquired the engine they expected, either for economy or quality.

The locomotive has been developed and improved for 17 years. In other countries, it takes 5 or 6 years for this nowadays. And the modern locomotives of the best firms are significantly superior to our domestic ones in specific fuel consumption, automation of control, the use of computer hardware, and so forth. Moreover, the leading countries are counting on designs that do not require maintenance. The basic assemblies operate reliably from the time they are manufactured until they are repaired at the plant. They have an improved design and high-quality materials which have been specially reinforced. But after 400,000 kilometers of operation, our repair workers have to perform a vast amount of very labor-intensive operations.

A question arises for me, and very likely for experienced readers as well. Why were the ones who developed the D49 diesel awarded the State Prize of the USSR several years ago? Where were the Ministry of Railways specialists looking?

This is what A. Kabakov responded to this question:

"The ministry management gave its consent in spite of our opinion, and now we are being reproached: how could this have happened? I spoke out against this when it was discussed at a session of the ministry's scientific and technical council. I pointed out that the developers of a number of diesels of up to 6,000 horsepower are being nominated for the prize, but the engine essentially operates only on 3,000. But they told me that we are not

evaluating whether or not the development of a diesel deserves the prize. We are judging the candidates, they said..."

They also told me that the Kolomna plant has a powerful lobby at all levels, right up to the USSR Council of Ministers and the CPSU Central Committee—former managers and leading specialists of the enterprise. What they want, they push through. And they conceal any flaws.

I wanted to discuss this topic with lead specialists of the Ministry of Heavy Machine Building. I was not successful. For over 2 weeks I telephoned V. Lysenko. First he promised to meet me in several days, on Friday. But since Friday his secretary has stopped connecting me with him. She said very politely: "We went to Uzlovaya today," "Vladimir Ivanovich is with the managers now," and "He is in a conference with plant employees." I gave up the telephone and asked that he call when he is free. Nothing has been heard from him. I understood that I was "persona non grata" here. After all, the first time the secretary connected me with her boss, I told him what I wanted to discuss...

All right, this is not about the State Prize in the final analysis. Isn't it enough that our prizes have been given out to those that do not deserve them? Today no one in transport is asking whether or not there will be a D49 diesel. It exists, and it has been installed in over 3,000 locomotive units. And we cannot escape this. These locomotives must be used to drive the trains regularly; they should not be standing idle because there are no spare parts, since the Kolomna plant is not implementing the government decree to organize major repair of the diesels at the enterprise in the volume needed.

What weren't the railroad workers promised by the plant and the Mintyazhmash when acceptance of the diesel for series production and a state prize for its developers were discussed! But now they do not recall this now, either. There is a saying: the word is mine, and I will give it or take it back as I see fit.

Here are the disgraceful facts, we may say, which were given to me in the Locomotives Main Administration. Last year the Ministry of Railways was sent just 46 percent of the spare parts required, and they are being promised even less this year—36.5 percent. At the same time, the railroads are left without the parts and assemblies they need the most. As a result, they often have to put locomotives out on a line after repair with specifications that are not appropriate. And many diesel locomotives are simply standing on depot and plant tracks waiting for spare parts.

The situation with respect to major repair and modernization of the diesels is even worse. More than 1,330 of the first-generation D49 diesels are being used in transport. They work terribly. Dozens of crankshaft bearings seize up every year. It costs 60,000 rubles for restoration after such damage. At one time it was planned to bring

all these diesels up to date before 1988. But they actually did only 530 and left the rest as "invalids."

Decisions at the highest levels have established that major overhaul should be performed by the manufacturing plant. But the "Kolomna Plant" Production Association systematically hampers and actually cuts back these operations. In 1986 major repair was required for 150 diesels, but they repaired 94. These figures were 150 and 61, respectively, in 1987, 150 and 53 in 1988, and 90 and 42, respectively, in 1989.

What is happening on the railroads because of this? After operating for 1,200 kilometers (on the order of 9 or 10 years), a diesel locomotive must have a major overhaul. More than 600 units in the system have already completed their service life. Inasmuch as the supplier is not fulfilling its commitments—it is not providing major overhauls of diesels in the volume required—some locomotives have to be given a third raised overhaul. These are large additional expenses, and the engine is not one which is nearly completely renovated and has 90 percent of its service life restored after an overhaul.

The hope that we can put an end to the monopolism of the Kolomna plant as a result of capacities being established for production and major overhaul of diesels at the "Bryansk Machine Building Plant" Production Association is still unjustified. The renovation has been dragged out and it does not have the imported high-precision equipment needed. Capacities to turn out over a hundred diesels should have been put into operation last year and this year. None of this exists. The Ministry of Railways has not received one D49 diesel from Bryansk.

Starving for spare parts, the ministry last year proceeded to have Kolomna cut back the delivery of diesels for turning out locomotives and give more spare parts to the railroads. Why acquire new locomotives and put the ones that exist behind the fence because they cannot be repaired? Essentially neither one was acquired.

"Because we have no D49 diesels during the transition, every locomotive stands idle on the lift for 4 days more," says A. Golovin, chief of the Melitopol Locomotive Depot. "It's the same as not having two locomotives in operation each month. A similar situation exists at other depots as well. As a result, it is like counting dozens of locomotives in the fleet, but this makes no sense at all."

They are experiencing tremendous difficulties not only on the railroads, but in the Ministry of Railways plants as well. The Voronezh Locomotive Repair Plant, which works on the 2TE116 diesels, is continually upset because Kolomna keeps on hampering diesel overhauls. The plant's collective has been forced to appeal to PRAVDA and GUDOK. This is what A. Avramenko, the chairman of the STK [labor collective council] writes: "I am writing to PRAVDA, since the unreliability of some persons and the lethargy of others can put the labor collective on the brink of bankruptcy." There have been other sharply worded statements, but to no avail.

The Ministry of Railways has informed the government time and again of the critical situation. There have been many instructions and directives, but things are not moving there. Just recently, L. Voronin, first deputy chairman of the USSR Council of Ministers, ordered the Ministry of Heavy and Transport Machine Building to "take specific steps and ensure that D49 diesels are overhauled and modernized for railroad transport in the quantities needed." And how has this assignment turned out? Nothing has happened yet.

What is the problem? Why is the Kolomna plant treating its largest customer so contemptuously? The Ministry of Railways' share of diesel deliveries has declined in recent years. They say that other customers are not as fussy. The ministry has its own inspectors at the plant. They will not allow sloppy work through. But the plant OTK [technical control department] winks at the flaws in diesels for other sectors of the national economy. There are as many buyers as they want, and they are standing in line. So why make the effort?

Why do the firms in developed countries take their locomotives and diesels in for routine maintenance? And transport workers do not take part in major overhauls. This is the concern of the manufacturing plant. But our plants shirk this in every way possible. Obviously, it is more profitable for an enterprise to pursue new production than to restore what has been turned out before. The plant management bears neither financial nor moral responsibility for its unreliability.

There are objective problems as well, of course. Foundry production has become a bottleneck at Kolomna. There are many personnel problems. Social facilities have not been developed, and people go to the plant reluctantly. Skilled workers and specialists have begun leaving for cooperatives. Expensive equipment is in operation essentially on one shift. But the main problem, of course, is the overall condition in our industry—dictation by the supplier.

Talking with Ministry of Railways specialists, I asked: "Why have you been put in bondage to the Kolomna plant? After all, you receive a locomotive from the Lugansk plant, but where it gets a diesel is its business. When we buy a television set, let us say, we do not deal with the enterprise that turns out the tubes, but with the guarantee shop of the television plant."

"If we could refuse these locomotives and purchase them from General Motors, as an example, it would be another matter," said A. Shutskiy, chief of the Diesel Locomotive Repair Department of the Locomotives Main Administration. "But the Ministry of Railways does not have the foreign exchange. They have driven us into a corner. The monopoly has established the most inflexible dictation. We are looking for a fifth corner, but there is none. We have to ask the managers of the same Kolomna plant: 'Sell us spare parts, for God's sake, and repair the diesels...'"

At Kolomna and in the Mintyazhmash, they are trying in every way possible to put the Ministry of Railways in a hopeless situation. They are tightening the noose to force it to organize capital repair of diesels and production of the needed spare parts at transport repair enterprises. They cannot escape this, they say. The plant guarantees 200,000 kilometers of operation after it is built (an average of a year and a half in operation), but after that it is your affair. Even if the Ministry of Railways repair enterprises had available production space, where would they obtain the necessary equipment and find the skilled personnel? All this is very problematical and will not soon be resolved.

Will diesel locomotives really be standing for many more years behind the fences while the plants that turned them out prosper? Perhaps the shift to a regulated market and convertible currency will finally break the notorious monopolism of enterprises in our industry? And only the historians will recall its grimaces.

Shortage of Track Repair Parts Scored

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[Article by D. Lukyanenko, chief of a department in the Ministry of Railways Lines Main Administration, and O. Skvortsov and V. Dyakonov, lead scientific associates at the VNIIZhT [All-Union Railroad Transport Scientific Research Institute]: "Each in His Own Way"]

[Text] Moscow—The major repair of 1 kilometer of track requires 80 rails, about 2,000 wood or reinforced concrete ShAPs [probably acronym for type of railroad tie], and over 20,000 different parts—link plates, tie plates, clamps, bolts, washers, and rail anchors. Some 30 parts made at 49 plants in five sectorial ministries are needed to equip one concrete tie. Can you imagine what happens now when the suppliers are under no obligation?

The situation is aggravated by the fact that industry is meeting just 65 to 70 percent of the limits allocated for the Ministry of Railways.

Incomplete sets of equipment are leading to the freezing of considerable funds. Nowadays a kilometer of track superstructure with heat-hardened, high-grade metal rails of the R-65 type costs 85,000 rubles. And because of the untimely delivery of rail anchors which cost kopecks, let us say, and this happens more often than not, expensive construction remains at a standstill. But the funds and materials that are not available are only half the problem.

We cannot overlook the specific nature of track maintenance operations. They are conducted mainly in the summer when traffic is the heaviest. Out of the 2,800 to 3,600 hours of summer time, depending on the geographical location of the region, we manage to devote just 150 to 200 hours, that is, 5 to 5.5 percent of the time budget, to restoration of the track. The price of each "window" in the traffic schedule is very high on the routes with the heaviest freight traffic. And it must be

utilized to achieve the maximum gain. But how do we do this if they have not put the framework together at the section assembly base in time? Workers from the track machinery station are most often here with nothing. The suppliers let them down.

This situation has become almost typical: the rails have arrived at the section assembly base, but there are no ties. Or the ties are there, but some kind of fasteners are not. The organization of deliveries and their planning are terribly confused. Production of most rails (95 percent) has been included in the state order. But the supply of fasteners was shifted to wholesale trade beginning in 1990. The supplier plants reduced the delivery of rail fasteners to the Ministry of Railways by 10 percent in 1990 at their own discretion. And this when there is a critical shortage of them! Moreover, production is not consistent. The railroads are forced every now and then to drive motor vehicles for hundreds and even thousands of kilometers for the fasteners, in order not to stop the track repair.

Although the rails are in the state order, far from all the demand for them is being met. Moreover, the metallurgical plants contrive to send the railroads more than one-quarter of the rails in nonstandard lengths—from 6 to 24 meters. The second-grade variety is often turned out. It is not recommended that they be laid on the routes with heavy freight traffic. How are the track workers dealing with such off-sized items? A great deal of time is spent to reduce them to the normal length, not to mention the added expense.

What is to be done? At first glance, it is best to accumulate the complete sets of track superstructure during the winter. But there are no warehouse accommodations at the section assembly bases for this. And under cost accounting it is not good business to withdraw financial resources from circulation for an extended period.

The problem may be stated this way. A kilometer of track superstructure is an engineering structure, like a railcar or a locomotive. And the delivery has to be planned in complete sets. After all, when a buyer gets a prefabricated cabinet, let us say, he deals with one

furniture factory. The buyer has nothing to do with where the wood and the door hinges and handles are ordered. This approach would be the best for transport workers.

But let us not lose touch with reality. The country is moving toward a regulated market. And transport workers must organize direct ties with industrial enterprises—the suppliers of rails, ties, and fasteners. Delivery in complete sets should be economically profitable for the suppliers. More accurately, failure to deliver any items in complete sets should be penalized by financial sanctions so that the transport workers are fully compensated for all losses.

And it would be best if the metallurgical and other enterprises begin to compete with each other and seek to obtain an order from a reliable firm such as the state railroads. Both the Ministry of Railways and the railroads will have to be restructured under these conditions, of course. It is necessary to create a system for ordering in complete sets everything required to assemble a rail-and-tie framework on every railroad at every section assembly base.

This is fully capable of solution in a technical sense with the availability of computers. The initial algorithmic and program base exists to solve such problems. Essentially, the existing standard algorithms should be applied to the specific conditions for the delivery in complete sets of everything needed to renovate the track.

It is urgently necessary to step up the pace of capital renovation of the track in the most important directions in every way possible. Because of the serious lag in this work today, speeds are declining, the throughput capacities of many routes are being reduced, and a threat to train traffic safety is developing. Delivery in complete sets of all elements of track superstructure in strict periods of time is a way out of the situation that has taken shape. Under market conditions, this must form the basis for relationships between the railroads and suppliers to determine the quality of their work and the profit which they will earn.

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